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In 2 Sections – Section 1

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N.A.S.D. Seeks To Drive All Small Securities Houses Out Of Business

By Joseph Haynes

Members of the N.A.S.D. are now in the possession of a ballot wherein they are asked to vote on certain amendments to their By-Laws and Rules of Fair Practice.

In the opinion of the "Chronicle" the Proposed Amendment, ARTICLE 1, Section 1, which provides for minimum capital requirements ($5,000 if firm clears its own transactions and $2,500 if through others), as a requisite for continuance of, and maintenance of membership in the Association, **IS INIMICAL TO THE WELFARE OF THE ENTIRE SECURITIES BUSINESS AND ALL FIRMS CONNECTED WITH IT REGARDLESS OF THEIR PRESENT SIZE OR FINANCIAL RATING.**

We urgently call to the attention of the members of the N.A.S.D. the following reasons why we believe such a step would not only be contrary to fundamental American principles of the freedom of every individual to enter into business without limitations being placed on his capital requirements by any Governmental or Semi-Governmental agency, but also injurious in the long run to the larger firm who can easily meet these proposed capital requirements. Also the N.A.S.D. itself would suffer as a result of this move and last but not least, **EVERY SINGLE HONEST AND CAPABLE SMALLER FIRM OR DEALER NOW A MEMBER OF THE N.A.S.D. WOULD BE PRACTICALLY BARRED FROM CONTINUING IN BUSINESS.**

First of all, why should the securities business be singled out as the only business where if a man wants to go into business he has to meet certain requirements as to the size of his capital—either $500, $2,500, $5,000, or $25,000. **WHO IS TO JUDGE WHAT SHOULD BE THE PROPER AMOUNT?** Why not make it $1,000,000 and keep almost everybody out of it. After all, if a man is honest, has ability and judgment, why is some arbitrary net capital requirement an essential to his exercising his fundamental American right of being able to go into business? When we get right down to cases, membership in the N.A.S.D. has been practically forced on the securities industry by the S.E.C. These are bold words but we believe this and we also believe that the majority of the investment firms in this country know this to be the truth. For this reason, such a move on the part of the N.A.S.D. would, it seems to us, place the stamp of approval on the fact that the members of the association endorse the un-American principle that unless an American citizen had $2,500 in net assets (not $2,300 mind

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OUR REPORTER'S REPORT

Corporate securities underwriters and their dealer organizations throughout the country find themselves facing another period of evolution, judging by the trend of discussion in usually farsighted quarters.

If things develop, as these groups expect, underwriters who have kept almost exclusively to the corporate field, over the years, may find themselves venturing more and more frequently into the municipal, or quasi-municipal market.

Those who make it their business to look ahead are convinced that the Securities and Exchange Commission is determined to enforce the provisions of the Public Utility Holding Company Act, aiming to force the divestment of non-integrated power properties.

In this apparent determination they profess to see portents of a major growth in the marketing of "revenue" bonds. Such observation is based on the belief that, by force of circumstance, many properties so involved will pass to municipal ownership in one form or another. This would entail the raising of funds necessary to carry through the transfer of properties so involved.

Considering the potential size of some of the deals which loom as possibilities it is argued that the municipal bond industry, as now constituted, could hardly be expected to handle some of these vast undertakings.

They would, it is contended, call for distributing organizations of nation-wide scope, embracing 600 to 700 dealers having ability to reach the bulk of the country's investors.

Building Their Fences

Accordingly the wide awake and vigorous firms among the un-

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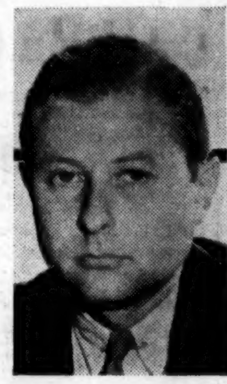
Purcell Recommends Collaboration Between SEC, Dealers In Maintaining Economy

Ganson Purcell, Chairman of the Securities and Exchange Commission, in addressing the meeting of the Governors of the Association of Stock Exchange Firms in Philadelphia, declared that the government and private interests had the joint responsibility of bringing the financial economy of the nation through the present emergency to a sound post-war footing, with the stock exchanges and securities dealers acting as the "necessary balance wheel during these trying times when the country can very readily go to extremes if we do not guard against it."



Ganson Purcell

"Government also has its obligations to assist in this great effort," Mr. Purcell stated, "in the all-important maintenance of the proper balance in our financial economy, the Securities and Exchange Commission has an equivalent interest on the governmental side.

"It has been my feeling that we should institute some form of continuing joint exploration of the problems which confront both of us from time to time, and which should be our mutual concern. I know of no better or more necessary time to institute such a program than in time of war, when these problems are greater and when the lack of solution becomes so much more serious.

"I am, therefore, proposing that these organizations meet with us in the near future to initiate these discussions, if for no other reason, as one effective means of assuring that our joint responsibilities to the war effort are carried out."

"The post-war problems he was considering," Mr. Purcell asserted, "were not in terms of the world that will exist from a broad political or economic viewpoint, but of the foreseeable effects that present pressures will have on the post-war world.

"Some of these problems I have referred to on other occasions," he continued, "such as the stresses and strains on our financial mechanism during and after the war; the task of strengthening and maintaining this machinery for its use after the war; how to control and direct the flow of capital for the efficient prosecution of the war and the effective reconstruction of all the wreckage created by it and, more generally, the protection and preservation of a sound capitalistic economy."

"Such problems might be beyond the power of government to solve alone," Mr. Purcell declared, adding, "I do feel, however, that it is incumbent upon government to discharge its obligations to the welfare of private commerce and industry for studying and thinking about these things," he declared. "Likewise, I feel that a commensurate obligation rests upon private organizations such as yours. We all know that forces are unleashed in time of war which we are powerless to control but it would be foolish to sit idly by and not attempt to think about where those forces are taking us and how to avoid their sweeping us against the rocks of disaster.

"It is imperative that our United energies be devoted to our common cause."

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Giroux Named Head Of Boston Exchange

BOSTON, MASS. — Archie R. Giroux, of H. C. Wainwright & Co., was elected President of the Boston Stock Exchange at a regular meeting of the Board of Governors on June 3. He succeeds John E. Yerxa, who is serving in the Army Air Corps. Mr. Giroux was formerly Vice - President. Harry M. Stonemetz of Schrimer, Atherton & Co., formerly a member of the Governing Committee, was named Vice-President.

"The following were named members of the Governing Committee: John Perrin of Perrin, West & Winslow, Inc., to replace Forrester A. Clark, now serving in the Army, and John A. Paine of Coffin & Burr, Inc., to replace Mr. Stonemetz. The terms of Perrin and Paine will expire in September."

F. V. Loeliger Now With Roggenburg Co.

Fred V. Loeliger has become associated with Roggenburg & Co., 29 Broadway, New York City, in their foreign bond trading department. For 15 years Mr. Loeliger was in charge of internal issues of foreign government bonds and industrial stocks and bonds with A. Iselin & Co. Following the discontinuance of that firm in 1936 he became associated with Dominick & Dominick in the same capacity.

In New Location

Elder & Co. announce the removal of their offices to 61 Broadway, New York City. New telephone number is Whitehall 3-4000. Elder & Co., prominent New York and Chattanooga investment house, are members of the New York Stock Exchange and other leading exchanges.

Canadian Government Pays Its Investment Industry to Sell War Bonds—Result, A Great Success! Why Not Here?

The Canadian Government has just completed its fourth great Bond selling project of this war. Over 1,600,000 individual subscriptions were obtained for the second Victory Loan drive. Over a billion dollars was subscribed by the people of Canada to their Government's appeal for all out financial support of the war effort. When one considers that the population of Canada, men, women and children combined, is only about 11,000,000 persons, the significance of these totals when translated into similar figures for the United States makes our present war bond sales effort look very meagre by comparison.

Maybe the answer is that when the Canadian Government was faced with the biggest Bond selling task in its history, it called in the country's experts in the profession and turned the job over to them. **It not only called them in for advice but it gave them the job and it paid them compensation enough to cover their expenses and leave them a little over for their efforts.** Here's the way we understand that the job is being done in Canada.

The government called in the top men in the Investment Industry to work out a plan for selling its Bonds to the public. These men divided the country into districts. Not a hamlet was overlooked. Firms in the various sections of the country selected members of their organization and sent them into the territory. These field managers selected and trained bond selling crews. This National Committee and the various District Heads devoted all their time and effort to this drive. Their regular securities business is relegated to the background as long as they are at the command of the Government. After the first Victory Loan, when over 970,000 individual subscriptions were received for a total subscription of $836,820,000 the investment bankers turned in their expense accounts to the government. **They were paid their expenses, and a sum in addition, that the government believed to be a fair and just payment for their efforts.**

Before the investment bankers of Canada took over the job, here are the results of the first two bond selling drives of the Canadian Government: 1st loan—over $250,000,000 and 2nd loan—over $320,000,000. As we have previously stated, both Victory loans after the Investment Industry of Canada got on the job, were: 1st Victory Loan — over $836,000,000

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Connecticut Traders To Hold Annual Outing

The Connecticut Traders Association will hold its annual outing on Friday, June 19, at the Avon Country Club, Hartford, Conn., starting at 1:00 p.m. (EWT). Tickets are $5 which include free golf, except the caddy fee, beer, horse shoe pitching, and other outdoor activities. Awards will be made for various events, including one prize of a $25 War Bond. Transportation will be made from Hartford.

Reservations can be made through the Outing Committee: L. Griggs, Chairman, Goodbody & Co., Hartford; R. B. Calvert, Tifft Bros., Hartford (N. Y. phone, Bowling Green 9-2211; Boston phone, Liberty 8852); John E. Braham, Brainard, Judd & Co., Hartford (New York phone, Rector 2-0044); G. A. Dickham, Hincks Bros. & Co., New Haven, Conn. (New York phone, Barclay 7-1637); A. L. Tacksu, Putnam & Co., Hartford (New York phone, Canal 6-1255); D. B. Jacobs, Ballard & Co., Hartford.

All stock and bond traders and guests are cordially invited to attend.

H. L. Schwamm Honored On Entering Army

Harvey L. Schwamm, Republican leader of the Seventh Assembly District of New York City, was guest of honor at a dinner of the New York County Republican Executive Committee on the eve of his entrance into the Army as a Major in the Transportation Service. Mr. Schwamm is senior partner in H. L. Schwamm & Co., 60 Broad Street, New York City, specialists in municipal bonds.

NASD Proposes Changes In By-Laws—Establishes Minimum Capital Requirement

The National Association of Securities Dealers, Inc., on June 15 submitted to members 27 proposed amendments to its by-laws and rules of fair practice. The NASD is composed of 2,700 investment bankers, securities dealers and brokers and is the instrument for self-regulation of these members. In its announcement the Association states:

"Among the amendments upon which the members will vote is a minimum capital requirement for admission to, and maintenance of, membership in the Association. This new rule will require a member who 'clears' his own transactions to have and maintain in his business a minimum net capital of $5,000; a member who 'clears' transactions through another and does not handle customers' funds or securities, will be required to have and maintain in his business a minimum net capital of $2,500.

"Among other changes proposed is one requiring strict supervision of salesmen employed by members of the Association.

"The amendments upon which members are to ballot between now and July 15 were unanimously approved by the Board of Governors of the Association at a recent meeting. To be adopted, the proposed amendments must be voted upon by a majority of the members and a majority of those voting must approve the proposals.

"The NASD in August, 1939, registered as a national securities association with the SEC under the so-called Maloney Act passed by Congress as an amendment to the Securities Exchange Act of 1934.

It is also noted in the NASD announcement that the proposed new rule setting forth minimum capital requirements for membership in the Association reads as follows:

"Any broker or dealer in any of the 48 States of the United States or the District of Columbia who is authorized to transact and whose regular course of business consists in actually transacting any branch of the investment banking or securities business in the United States, under the laws of any State and/or the laws of the United States, except such brokers or dealers as are excluded pursuant to Section 2 of this Article, shall be eligible to membership in the Corporation; provided, however, that no broker or dealer shall be admitted to or continued in membership unless he maintains in his business as a broker or dealer net capital sufficient to meet the requirements hereinafter set forth:

"(a) Any member who settles contracts or transactions with customers for himself or for any other broker or dealer shall maintain at all times net capital exclusive of fixed assets of not less than $5,000; and

"(b) Any member who employs a bank or another member to settle all contracts and transactions effected by him with or for his customers and who does not receive securities or funds from or for the account of any customer, shall maintain at all times net capital exclusive of fixed assets of not less than $2,500.

"For the purpose of carrying out the provisions of this section, the Board of Governors may, from time to time, by rules define the term "net capital" and prescribe the method by which it shall be computed and the time when, and the manner in which, members shall submit statements of financial condition to the Corporation."

Up to now, it is pointed out, the Association's eligibility requirements contained no provision respecting capital.

Wallace H. Fulton, Executive Director of the Association, in his advices to members regarding the amendments, says:

"The amendments now proposed were adopted unanimously by the Board of Governors after several months' careful consideration of the proposals and the advantages which will accrue to the membership from their adoption. Members of the Advisory Council, made up of chairmen of the 14 NASD District Committees, attended the recent Board meeting at which the amendments were approved. The Advisory Council also approved of the amendments. Representatives of the Association consulted with the staff of the SEC on the amendments, and, although the proposals have not had the formal approval of the Commission, we believe that, if approved by the membership, they will not be disapproved by the Commission.

"The majority of these amendments affect only the language of existing articles and sections of the By-laws, Rules of Fair Practice and Code of Procedure, eliminating, in many instances,

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Municipal Bond Club Elects Wood President

In accepting office as President of the Municipal Bond Club of New York for a second term at its annual meeting, Tuesday, at the Bankers Club, David M. Wood, of Thomson, Wood & Hoffman, announced that the Board of Governors at its last meeting voted ex-officio honorary membership to the Presidents of the Boston, Philadelphia and Chicago Municipal Bond Clubs.

Gordon B. Duval, of Halsey, Stuart & Co., Inc., was elected Vice-President; John J. Clapp, Jr., of R. W. Pressprich & Co. was elected Secretary; and Fred W. Buesser, of the Chemical Bank & Trust Co., Treasurer. Leroy H. Apgar of Harriman Ripley & Co., Inc., and Clifton A. Hipkins, of Hipkins & Topping, were elected to the Board of Governors to serve for three years.

Laird, Bissell To Admit G. Hackl, Jr.

George F. Hackl, Jr., will become a partner in Laird, Bissell & Meeds, members of the New York Stock Exchange and other leading Exchanges, in their New York office, 120 Broadway, as of June 25. Mr. Hackl was formerly a member of the New York Stock Exchange and for many years was a partner in Gilbert Eliott & Co. He will again become a member of the Exchange acquiring the membership of Philip W. Wrenn, of H. C. Wainwright & Co., which will continue as a member firm.

Chandler With Merrill

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—George Dana Chandler, for many years with Indianapolis Bond & Share Corporation, has become associated with Merrill Lynch, Pierce, Fenner & Beane, Fletcher Trust Building.

Milwaukee Bond Club To Hold Field Day

MILWAUKEE, WIS.—The Milwaukee Bond Club will hold its Annual Field Day and Picnic at Ozaukee Country Club on Friday, June 26. Events will include a golf tournament in which one of the events will be a four-man team from Chicago playing a four-man team from Milwaukee for the Inter-City Championship; a baseball game; bridge tournament; tug of war between 10-men teams and a horseshoe pitching contest.

Invitations have been extended to investment and brokerage men throughout Wisconsin and neighboring States.

Committees in charge of special events are:

Golf: Allen Reed, Chas. W. Brew Co., Chairman; Newman L. Dunne, The Wisconsin Co.; William G. Martin, Morris F. Fox & Co.; and W. Lloyd Secord, The Milwaukee Co.

Bridge: Adolph G. Thorsen, Adolph G. Thorsen Co., Chairman.

Baseball: William C. Davis, A. G. Becker & Co., Chairman; Charles F. Jacobson, Jr., Dalton, Riley & Co., Inc., Captain of Dealers; Arthur C. Schaefer, Harris, Upham & Co., Captain of Brokers; William R. Marshall, The Marshall Co., Scorekeeper and Chief Umpire.

Chairmen of other Committees are: General Chairman, Gerald B. Athey, Merrill Lynch, Pierce, Fenner & Beane; Prizes, Allen C. Hackworthy, The Wisconsin Co.; Refreshments, W. Brock Fuller, Paine, Webber & Co.; Attendance, William A. Johnson, Mason, Moran & Co.; Entertainment, Lon L. Grier, Lon L. Grier & Co.; Publicity, Howard W. Clark, Mid-Western banker, assisted by Earl F. Driscoll, Paine, Webber & Co., and Charles W. Gerlach, Charles Gerlach & Co.

Those planning to attend the picnic should notify Iver Skaar, Harris, Upham & Co., 710 North Water St., by June 24. Cost is $6 (greens fees, $1 extra).

More NSTA Members Are In Armed Forces

The National Security Traders Association announces that the following names have been added to their Honor Roll of members in the armed forces:

Major Fred O. Guider, formerly of Keane & Co., Detroit; Lieut. Tarleton Redden, Redden & Co., St. Louis; Commander Ross F. Collins, Collins, McDonald & Co., Kansas City; Second Lieut. Donald D. Belcher, Martin Holloway & Purcell, Kansas City; Ensign John J. Strandburg, Harris Upham & Co., Kansas City.

Harland Hoisington Is Now With Lionel Edie

Lionel D. Edie & Company, Incorporated, 20 Exchange Place, New York City, announce that Harland W. Hoisington has become associated with them. Mr. Hoisington was for many years associated with Lazard Freres & Co. as manager of the sales department. In the past he was with Dick & Merle-Smith and the Guaranty Company of New York.

Charles Jann Joins Estabrook In N. Y.

Estabrook & Co., members of the New York and Boston Stock Exchanges, announce that Charles H. Jann has become associated with them in their New York office, 40 Wall Street. Mr. Jann was formerly in charge of trading at Lazard Freres & Co. for a number of years.

Our Reporter On "Governments"

By S. A. WILLIAMS

What we're witnessing today is one of the most impressive "build-ups" ever engineered for a major long-term financing in the open market. . . . What we're seeing is the manipulation of the market by truly sophisticated fiscal authorities in order to lay the basis for a gigantic borrowing—in the form of long-term bonds. . . . And what we're watching is highly encouraging not only for the short but also for the long-term, for whatever the Treasury and Federal Reserve System have done recently has been done with delicacy and (odd word for finance) artistry. . . .

The U. S. Government is acting beautifully. . . . Prices are steady, market movements are held to a minimum. . . . There has been virtually no selling of outstanding issues in the last few weeks. . . . Dealers' positions are light and in good shape. . . . Most attention is being directed at the coming war borrowing program with the result that little in the way of "smart trading" is in evidence. . . .

All this adds up to a healthy market—despite the terrific size of borrowing operations in the last few months and the Herculean financing program facing us during the next fiscal year. . . . And again, chalk one up for the Government authorities. . . . For make no mistake about it—whatever happens in this market these days happens because it was "planned that way." . . .

So here are the points to consider as the new fiscal year approaches:

(1) As far as control goes, this market never has been under such rigid and effective domination by determined Government agencies. . . .

(2) To date, the cooperation between the issuing agency and the buyers has been heartening and there is no sign today that any other situation is developing. . . .

(3) After this June financing is out of the way, look for a long-term bond with unique features to attract all types of major buyers. . . . This market is not being wasted. . . .

(4) Sentiment among informed sources today is leaning heavily on the side of continued stability of prices. There's less doubt than ever concerning the Government's ability to peg prices at current levels and keep them there indefinitely. . . .

JUST "BUYING," THANKS

There's no reason to fool ourselves. . . . Every institutional investor in Government bonds these days must consider its portfolio on a permanent basis, look only at the buying side of the market. . . . Sales for any reason that cannot be justified on the basis of absolute necessity simply won't do. . . . If funds get low, action will be taken by the authorities to pad them. . . . If sentiment turns pessimistic, moves will be made to switch the psychology before any damage is done. . . .

Commercial banks and insurance companies are going to buy the major portion of the billions of new bonds coming out over the next 12 months. . . . Insurance companies have bought more than $1,000,000,000 Government bonds so far this year, representing nearly 54% of their 1942 investments. . . . They'll buy in heavier percentage amounts as the year rolls on. . . . Commercial banks may buy 20 times as much. . . .

The figures no longer seem to matter much. . . . What does matter, though, are these angles:

(1) Trading in Government bonds has sunk to infinitesimal proportions in recent weeks and this may be expected to go on indefinitely. . . . Banks and insurance companies are the big traders in the open market; they're now in the category of permanent investors and they know it; in short, they're "only buying, thanks." . . .

(2) Whatever trading profits are to be made probably will lie in new issues, for only around new issue dates does volume pick up and quick in-and-out deals just aren't possible at other times. . . .

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McDaniel Lewis Co. Succeeds Lewis-Hall

GREENSBORO, N. C.—McDaniel Lewis announces the formation of a new firm, McDaniel Lewis & Co., to conduct an investment securities business as successor to the partnership of Lewis and Hall, which is being dissolved after ten years of operation. Mr. Lewis started in the municipal bond business in 1922 as a wholesale buyer, and during his twenty years' experience has been very active in all phases of municipal financing in North Carolina. As a partner in Lewis and Hall he was active in the wholesale and retail distribution of municipal and other securities in North Carolina and other States. His firm has for a long time been a member of the Investment Bankers Association of America, the National Association of Securities Dealers, the National Security Traders Association, the North Carolina Bankers Association and the North Carolina Municipal Council.

McDaniel Lewis

As successor to Lewis and Hall, McDaniel Lewis & Co. retains the office personnel, quarters, etc. The partnership had controlling interest in a machine shop which is now engaged in war production, and the other partners, including Russell F. Hall, are now engaged in that work. Mr. Lewis states that his new organization will carry on along the same lines as before.

Louisville Bond Club Elects Burge Pres.

LOUISVILLE, KY.—The Bond Club of Louisville, at its recent election meeting chose John M. Burge of J. J. B. Hilliard & Son, President, to succeed Russell Ebinger, Smart & Wagner, Inc. Clem Thiesen, O'Neal-Alden & Co., Inc., was elected Vice-President, and Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane, was named Secretary. Hugh Miller, J. J. B. Hilliard & Son, was elected Treasurer.

Mexican Engineering Group Visits N. Y. Stock Exchange

A group of 14 Mexican engineers returning from a course in practical automotive engineering provided in Detroit by the Chrysler Corporation visited the New York Stock Exchange on June 15. They were welcomed by Robert L. Stott, Chairman of the Board of Governors, and Clinton O. Mayer, Jr., Chairman of the Exchange's Inter-American Hospitality Committee. The engineers' automotive training had been conducted under the auspices of the Training Administration of the Office of the Coordinator of Inter-American Affairs.

Francoeur To Direct New Brailsford Dept.

CHICAGO, ILL. — Brailsford, Rodger & Co., 208 South La Salle Street, announce the opening of a new traction securities department under the direction of J. A. Francoeur, who has become associated with the firm. Mr. Francoeur was formerly with Paul H. Davis & Co. in charge of traction issues and recently was Vice-President of Traction Securities, Inc.

THE BOND SELECTOR

REPUBLIC OF COLOMBIA

Readjustment of External Debt and Financial Assistance From the United States Is Of Substantial Interest To Bondholders

Adjoining Panama, Colombia ranks second in world coffee production, contributing about 10% of the world total and accounting for over one-third of all "mild" coffee produced. Exports of coffee in 1941 were valued at 83 million pesos, an increase of 12% over 1940 with 93% going to the United States. Although the country is primarily agricultural, with coffee the main crop, progress is being made in industrial development which is being implemented through economic and financial aid from the United States.

There is considerable mineral wealth in Colombia, including gold, platinum, silver, copper, coal and petroleum, but transportation difficulties have been a deterrent to their development. Potential oil fields are said to cover an area of between 30,000 and 70,000 square miles, and while the lack of adequate transportation facilities prevented the export of petroleum prior to 1926, shipments have shown a steady expansion since that time and now exceed 22 million barrels annually. The transportation problem is one of the important problems of Colombian economy, and although the country has many navigable inland waterways, it is not well equipped with highways.

In order to meet the many problems arising from the European war, the Colombian government, in June, 1940, enacted a series of important financial measures which include:

(1) Conversion and consolidation of the internal debt with a view toward restoring internal public credit;

(2) Establishment of new forms of agricultural and industrial credit designed to stimulate national production;

(3) Stimulation of the economic development of the country through Government assistance;

(4) Creation of an Industrial Development Institute to foster the promotion of new industries;

(5) Inauguration of a new public works program with special emphasis on improvement of transportation facilities.

These measures are known collectively as the Santos Plan, the financial requirements of which were to be covered from the proceeds of a new loan of 20,000,000 pesos from the Central Bank. This was made possible by a $10,000,000 credit from the U. S. Export-Import Bank.

The latest available information reveals that a total of at least $22,000,000 has been made available to Colombia through Export-Import Bank loans. In addition to the $10,000,000 extended to the Central Bank, $12,000,000 was advanced to the Colombian government for the purchase of "equipment, materials and services." On March 17, 1942, the United States and Colombia signed a lend-lease agreement. Details of this contract were not available immediately, but it is understood that the agreement involved between $20,000,000 and $30,000,000 in war materials and equipment.

(Continued on page 2304)

Chgo. Stock Exchange Cuts Operating Loss

The Chicago Stock Exchange had an operating loss of $86,702 for the fiscal year ended April 30, 1942, compared with a loss of $97,846 in the previous fiscal year, it was announced on June 8 by Kenneth L. Smith, President of the Exchange.

Expenses for the fiscal year just ended amounted to $181,471, a reduction of $16,000 from last year, but the Exchange's income from operation also declined—to $94,769 from $99,626.

The net worth of the Exchange's general fund decreased $86,734 during the fiscal year to $1,408,198.

In submitting the audit report to the Exchange's members, President Smith said:

Income is at a low point in our modern history. Listing fees which formerly, for many years, constituted the largest single source of Exchange income, again were at a low level. Smaller income from due has resulted from the reduction of the authorized membership to 300. Dues assessed were not increased because of the small business volume being experienced by the members and the strength of the general fund. The Exchange is a non-profit association.

Until recently the investment policy of the finance committee has been to maintain a cash position which temporarily eliminated interest income, usually an important source of Exchange revenue. With its present policy of subscribing to United States Government bond issues as offered from time to time, however, income from investments should show a gradual increase.

Deep Rock Oil Interesting

The capital stock of Deep Rock Oil Corporation offers an interesting situation at the present time, according to a circular issued by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. With the strong current position of the company, which is outlined in the memorandum, Hixon, Stewart & King finds that the capital stock appears to be well situated and modestly priced at current market levels, and with the recent interest in so-called "peace stocks" this particular issue should show marked appreciation marketwise over a period of time.

Machine Tool Attractive

A brief analysis of the current situation in common stock of Sundstrand Machine Tool Co., including 1942 earnings, has been prepared by Doyle, O'Connor & Co., 135 S. La Salle Street, Chicago, Ill. Copies of this interesting analysis may be had from the firm upon request.

New Wire To Chicago

Fitzgerald & Co., 40 Wall Street, New York City, have just installed a new private wire to Bond & Goodwin, Inc. in Chicago.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Albert B. Chatfield**, previously with Edward Brockhaus & Co., has been added to the staff of **Westheimer & Co.**, 326 Walnut St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Henry Francis Link** is with **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Howard J. Davidson** has rejoined the staff of **Crowell, Weedon & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Percy A. Errington** is now connected with **Fairman & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Walter Melvin Wells** has become associated with **Geo. H. Grant & Co.**, Central Bank Building. Mr. Wells was previously with Stephenson, Leydecker & Co.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**John Henry Harrison** and **Emory L. Kendrick** have become associated with **Allen & Co.**, whose main office is at 211 East Lemon St., Lakeland, Fla. Mr. Harrison was formerly with Florida Bond & Share, Inc.

Mr. Kendrick was with Corrigan, Miller & Co.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **J. Clement Storey** has become associated with **Bateman, Eichler & Co.**, 42 North Garfield St. Mr. Storey was formerly for a number of years local manager for E. H. Rollins & Sons, Inc.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Frank J. Hughes** has joined the staff of **Blyth & Co., Inc.**, 234 East Colorado St. Mr. Hughes was previously with William R. Staats Co.

(Special to The Financial Chronicle)

PORTLAND, ME. — **Frank J. Leen** has become connected with **H. M. Payson & Co.**, 93 Exchange St.

Rubert Chrest With Central Republic Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Rubert Walter Chrest has become associated with Central Republic Company, Incorporated, Rand Tower. Mr. Chrest was formerly for many years President of his own firm, Chrest & Co., Inc.

Visits N. Y. Exchange

Dr. C. Parra Perez, Minister of Foreign Affairs of Venezuela, visited the New York Stock Exchange and was welcomed by Robert L. Stott, Chairman of the Board; John A. Coleman, Vice-Chairman, and Clinton O. Mayer, Jr., Chairman of the Exchange's Inter-American Hospitality Committee.

Accompanying Dr. C. Parra Perez was Rodolfo Rojas, Minister of Agriculture and Live Stock; Jose Joaquin Gonzalez Gorrodona, President of the Imports Control Commission of Venezuela; Henrique Gil Fortoul, Director General, and Julio Alfredo De La Rosa, of the Department of Foreign Affairs; Antonio Davila, of the Imports Commission, and Dr. Manuel Perez Guerrero, representing the Venezuelan Commission of Control of Imports.

In Armed Forces

Herman Bensdorf, of Herman Bensdorf & Company, Commerce Title Building, Memphis, Tenn., is on leave of absence from his firm and is serving as a First Lieutenant in the Army Air Corps. Herman Bensdorf & Co. is continuing business as usual.

Robert L. Schlesinger, associated with Edwin J. Schlesinger, investment counsel, 41 East 42nd Street, New York City, has been called to active service as a lieutenant in the United States Army.

Ore Loaded On Freight Cars At Record

A new high record for all time in the number of freight cars loaded with iron ore and all other ores was established by the railroads in the week ended on June 6, the Association of American Railroads announced on June 13. The total for that week was 92,453 cars. The previous record was established in the week of July 14, 1923, when the number of cars loaded with ore totaled 89,087.

Ore loading for the week of June 6 was an increase of 13,931 cars, or 17.7% above the same week in 1941, and an increase of 9,567 cars above the week ended on May 30, 1942. The greatest number of cars loaded with ore in any week in 1941 was 81,289 cars.

Archer Expelled

The Securities and Exchange Commission has ordered the revocation of the broker-dealer registration of W. K. Archer & Co., Kansas City, Mo., and its expulsion from membership in the Chicago Stock Exchange and National Association of Securities Dealers, Inc., on charges of violations of certain sections of the Securities Exchange Act prior to 1939.

Rice Opens Miami Office

MIAMI, FLA.—Daniel F. Rice and Company have opened a branch office in Miami in the Ingraham Building. The new office will be under the management of Mrs. L. B. Bowen, who has been connected with the firm in Chicago, and will be serviced from the Chicago office by Western Union private wire telemeter. Daniel F. Rice & Co. are members of the New York Stock Exchange and other leading exchanges.

Ulman With Elwell

(Special to The Financial Chronicle)

BOSTON, MASS.—Brooke C. Ulman, for many years active in Boston as an individual dealer in securities, has become associated with Elwell & Co., Inc., 24 Federal Street.

Tomorrow's Markets Walter Whyte Says—

Market dullness continues. Don't look for new rally until further dullness or market reaction. Basic trend still up. Hold stocks.

By WALTER WHYTE

The market has now gone up for almost six weeks without any real reaction. It made its low about the middle of April and advanced some eight points (Times Averages) from just under 65 to across 72. Since it made its high it has reacted about a point and that's where it is as this goes to press.

* * *

But in having gone up without too many hitches the market has lost some of its intestinal fortitude. It may go up from present levels without further ado but precedent calls for either a reaction — say about 2 or 3 points—or a period of rest for recuperating sufficiently to get up enough momentum for the next phase of the advance.

* * *

It must be recognized that a market that has gone up for as long as this one has is vulnerable to bad news. Though by the same token it is equally susceptible to good news. I don't believe, however, that any good news, unless it is of a momentous nature, will have much effect on the market as it acts today. It is even possible that a further rally from present levels will impair the technical position that any subsequent reaction will go further than present action indicates. No, the best thing this market can do from here is either continue its dilly-dallying for say another week, or take it on the chin for a couple of points. So even if a decline causes temporary losses the reassertion of the underlying trend will bring the market up again.

* * *

The shorts which are almost always the bellwethers of a coming rally have now mostly been driven to cover. True, here and there some new selling is making its appearance, but this is mostly of a day to day, or even a tick to tick, nature. It's the kind of short selling that can be covered at a second's notice, assuming of course the market doesn't get too thin. It most certainly is not the kind of short selling on which incipient rallies feed themselves.

* * *

So far as real buying is concerned, the long pull type that is the backbone of real market strength, there is some to be seen. Yet it is not as large as some market commentators claim. The reasons are too obvious to ponder upon. A war economy doesn't lend itself to the buying of securities with any profligacy, assuming of course that everything else that went into the making of active markets were present.

* * *

Anybody who is in the business knows that current markets are anything but active. Buying a stock on one active day and holding on to it in the face of thin markets and dull days is hardly tended to awake any enthusiasm in any past or potential buyer. Even statistics, no matter how impressive, are a poor substitute for action. By action I mean volume. For if the truth be told the majority of Wall Street people don't give a fig for good markets or bad markets, so long as these are accompanied by v o l u m e. When, as, and if, volume will again attain profitable levels is something I can't answer. News, as we have already seen, doesn't do it. The loosening of SEC restrictions? Perhaps. Some favorable legislation from a slow poke Congress may help. All these provide a partial answer to the question of volume. I don't think they are the complete answer.

* * *

Wall Street as an institution has been on the pan for so long, first as a political football and then as a whipping boy, that the average investor who has read reams of the "nefarious deeds" committed by Wall Street has learned to look at it with distrust. Instead of fighting back and trying to prove its case—and there was and is plenty of proof — organized W a l l Street sat back in phlegmatic

(Continued on page 2300)

Randle, Pierce, Stein With Cohu & Torrey

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that Nathaniel Edward Stein, Gerald Leon Pierce and Thomas Pattison Randle have become associated with them. Mr. Randle was formerly a partner in Bayles, Softye & Co. Mr. Pierce was associated with R. E. Swart & Co., Inc., and prior thereto was in the securities business for himself in Elmira, N. Y. Mr. Stein was with D. H. Silberberg & Co.

RAILROAD SECURITIES

Great Northern preferred (the company's only equity security) continues as one of the major disappointments to railroad analysts, selling around 20 to afford a current income return of approximately 10% at the indicated annual dividend rate of $2. It is a typical example of the influence of mass psychology on the ability of investors to recognize fundamental values in securities. In no year of the past century has the stock failed to sell 25%, or more, above recent levels, even in the long years of dividend drought. Moreover, the road is singularly free from the one unfavorable general railroad potentiality that has received so much publicity recently. Even the most ardent aviation enthusiast would find it difficult to visualize the transportation by air of the equivalent of solid train loads of iron ore, grains, lumber, etc. The stock is merely a victim of the times, affording discriminating investors an opportunity to engage in leisurely accumulation.

The status of Great Northern has been vastly improved since the days of the severe economic depression of the early 30s. The management was one of the first to recognize the importance of putting the carriers' financial houses in order during periods of high earnings, in anticipation of recurring recessions. To the extent feasible the management has utilized treasury cash to pay off maturing debt and this program has been augmented by low coupon refunding made possible by favorable money market conditions. As a result, fixed charges in 1941 had been reduced to $13,915,920 from $19,572,165 as recently as 1934, a saving of 29%. The saving amounts to roundly $2.35 a share of stock, but in 1934, with the heavier prior burden, the shares reached a high more than 50% above current prices. It might also be noted in passing, as a measure of additional strength, that net working capital is now more than four times what it was at the beginning, and more than twice what it was at the close, of 1934.

Last year, with its debt position finally consolidated and no impending maturities coming up, the management broadened its long-term debt reduction program by starting to make open market purchases of its own bonds at discounts. This policy, it is indicated, is being furthered in the current year and should gain momentum as the period of normally high seasonal earnings nears. Through these operations it should be feasible to reduce fixed charges to $13,000,000 per annum, or perhaps slightly lower, during the next 12 months. This should make the capital structure virtually depression proof. Even with its old charges the company's depression record was not entirely unsatisfactory. Deficits were sustained in three years, 1932-1934 inclusive, but in only one year, 1932, did the loss reach sizable proportions. On the average over the 10 years 1932-1941 actual reports showed charges earned 1.28 times and a balance of $1.92 a share available for the stock. With fixed charges of $13,000,000 the company would have operated profitably in every year of the past decade with the exception of 1932. On the average, charges would have been earned 1.66 times and earnings on the stock would have been close to $3.50 a share. The strong earnings position of the company is obvious when one considers that this period included not only some years of severe economic depression, but, also, periods of drought and destruction in the wheat areas served.

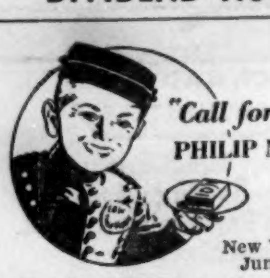
Great Northern is unique among the western carriers in that it has an unusually well balanced traffic composition. Naturally, agricultural tonnage is heavy (about one-quarter of total freight revenues last year), with wheat from North Dakota the most important factor followed by apples from the coastal region. At the same time, the road has a large stake in the heavy industries through the transportation of iron ore. This commodity furnished 18% of total freight revenue last year and at times has gone even higher in relation to the whole. Finally, the road is influenced by general prosperity throughout the country, as measured by building activity, in its lumber tonnage which last year accounted for almost 17% of all freight receipts. These factors tend to give the company a measure of stability not found in many other roads, and make it less vulnerable to cyclical industrial swings or recurring drought. This traffic balance should be further improved in the post-war era by virtue of hydro-electric development and erection of defense industry plants in the Pacific Northwest.

The road got off to a particularly good start in 1942, with a net profit realized in the normally dull first third of the year. Gross revenues were up almost 40% above a year ago and despite higher wages and a substantial (83.7%) increase in taxes, net results for the four months showed a year-to-year gain of $0.76 in share earnings. Reports from the Great Lakes indicate establishment of new monthly records of ore shipments during the summer, and with transcontinental freight movement continuing at high levels under the stimulus of armament needs and war dislocations of normal traffic flow, it is believed likely that additional gains will be established in coming months. On this basis, it is possible that earnings for the full year 1942 may reach $8 or more. With $2 diverted to maintenance of the recent dividend rate, such earnings would release some $15,000,000, in addition to depreciation charges, for debt retirement.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅝; low—14¾; last 33.

DIVIDEND NOTICES



New York, N. Y.
June 11, 1942.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and an initial dividend of 74¢ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable August 1, 1942 to holders of Preferred Stock of the respective series of record at the close of business on July 15, 1942.

There also has been declared a regular quarterly dividend of 75¢ per share on the Common Stock, payable July 15, 1942 to holders of Common Stock of record at the close of business on June 22, 1942.

L. G. HANSON, Treasurer.

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

June 16, 1942.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after July 1, 1942, to the stockholders of record on the corporation's books at the close of business June 22, 1942.

JOSEPH N. SEIFERT, Secretary.

THE GARLOCK PACKING COMPANY

June 15, 1942
COMMON DIVIDEND No. 264

At a special meeting of the Board of Directors, held this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable June 30, 1942, to stockholders of record at the close of business June 20, 1942.

R. M. WAPLES, *Secretary*

THE WESTERN UNION TELEGRAPH CO.

New York, June 9, 1942
DIVIDEND NO. 261

A dividend of 50 cents a share on the capital stock of this company has been declared, payable July 15, 1942, to stockholders of record at the close of business on June 19, 1942.

G. K. HUNTINGTON, Treasurer.

Dealers Asked To Aid Victory Fund Campaign

Investment dealers in the Second Federal Reserve District, including New York State, Northern New Jersey and Fairfield County, Connecticut, have been asked by the Victory Fund Committee of this district to inform the committee of the names, addresses and territory covered by their sales staff. This information is necessary in the campaign to sell government securities other than the Series E war savings bonds, according to Allen Sproul, President of the Federal Reserve Bank of New York, and head of the Victory Fund Committee, in order to carry out the work efficiently and with the least duplication of effort in obtaining effective results in selling government issues.

Replies should be sent to Perry E. Hall, executive manager of the Committee at the Federal Reserve Bank, 33 Liberty Street, New York City.

The Victory Fund Committee was formed a month ago and its members include representatives of the Investment Bankers Association, National Association of Securities Dealers, New York Stock Exchange, and the Association of Stock Exchange Firms, in addition to commercial banks. Regional committees are being formed to direct the work in local areas. Mr. Sproul stated, and will soon be made public.

Current Situation In Utility Stock Interesting

An interesting folder containing information on Puget Sound Power & Light Co., with particular reference to the $5 prior preference stock has been compiled by Drumheller, Ehrlichman Company, Terminal Box 3168, Seattle, Wash. Included in the data are a discussion of the possible liquidation of the company, the Bond Bill and its effect on the company, recapitalization plan, P. U. D. activity, Bonneville and Grand Coulee progress, and color chart showing disposition of sale proceeds, etc. Copies of this folder may be had upon request from Drumheller, Ehrlichman Company.

President Roosevelt Gets 'Churchman' Award

President Roosevelt received on June 8 the 1942 award of "The Churchman," journal of the Protestant Episcopal Church, "for the promotion of good will and better understanding among all peoples."

In a letter of acceptance read at the ceremony held in New York City, the President expressed his appreciation and said it "symbolizes a cause that has long been close to my heart and mind." He added that although "the road ahead is dark and perilous," the United States and its associates in the United Nations "are determined to establish a new age of freedom on this earth."

The Rev. Frank R. Wilson, Rector of St. James Episcopal Church, Hyde Park, N. Y., accepted the specially designed plaque in behalf of the President and read his letter.

Dr. Guy Emery Shipler, editor of "The Churchman," made the presentation of the award.

Vice-President Henry A. Wallace, the principal speaker at the dinner, describing America as the "heir of the religious concepts of Palestine and the culture of Rome and England," said that it "is building in the full sun of a new day for a peace which is not based on imperialistic intervention." Instead, he said, "the American peace, the peace of the common man, must be translated into freedom everywhere."

President Roosevelt's message of acceptance, as read by Dr. Wilson, follows:

My dear Mr. Shipler:

You and your distinguished associates have given me "The Churchman" Award for the promotion of good-will and understanding among all peoples. I wish I could be with you tonight to accept the award in person and to tell you how deeply I appreciate the honor. It symbolizes a cause that has long been close to my heart and mind: never more so that in this fateful year of destiny for all peoples.

The spiritual liberties of mankind are in jeodardy. Their religious freedom is at stake. The road ahead is dark and perilous. Yet we and our associates in the great alliance of the United Nations are determined to establish a new age of freedom on this earth. We are dedicating all that we have and are to that end. We are fighting in that cause at the side of valiant forces, representing every race and every creed. And with the united help of all free men and of all the great institutions of freedom, of which the churches of the free stand first, we shall create a new world in which there is freedom of worship and utterance, freedom from want and from fear, for all peoples everywhere in the world.

FRANKLIN D. ROOSEVELT.

Wabash RR. Interesting

The current situation in the new first mortgage 4s of 1971 of the Wabash Railroad offer interesting possibilities according to a circular just issued by Pflugfelder, Bampton & Rust, members of the New York Stock Exchange, 61 Broadway, New York City. Copies of the circular may be obtained from Pflugfelder, Bampton & Rust upon request.

Bank and Insurance Stocks

This Week — Bank Stocks

The method by which the Government will provide reserves for the banks to absorb War financing has been clarified with introduction of a bill in Congress which would permit the Board of Governors of the Federal Reserve System to change legal reserve requirements for any of the three reserve classes of member banks.

For stockholders of New York City banks, this matter has a direct bearing on the ability of New York banks to take their share of War financing on a net basis to cover increased taxes and other operating costs. Banks need "excess" reserves (reserves above legal requirements against deposits) in order to expand loans and investments. If they do not have them, the banks have to raise the reserves either through borrowing at the Federal Reserve Bank, from other member banks having excess reserves, through liquidation of loans and investments, or from inflow of funds from other districts.

Liquidation of loans and investments is out of the question, since the Government expects commercial banks to subscribe for and retain a heavy portion of War financing, perhaps as much as $29,600,000,000 of the $47,400,000,000 total borrowing now expected for the 1943 fiscal year, and business is entitled to all available bank credit for its War effort. This factor also means that inflow of funds from other districts cannot be depended upon to provide reserves, because those banks will similarly need their reserves for expansion in earning assets. In fact, since the inflow of funds from abroad ceased as an offset to net outflow of New York funds to the interior, New York banks have been steadily losing reserves to the rest of the country. This outflow results from the fact that the Treasury sells a large portion of its issues in New York and spends the funds in various parts of the country, whence they have not returned to New York as traditionally had been the case.

Even if New York banks subscribe to Government securities by the "book credit method," whereby payment is made by crediting the Treasury with deposit in its war loan account for the amount of the subscription, instead of payment by direct draft on reserve account at the Federal, the outflow of funds must result in reduction in New York excess reserves, because the Treasury must eventually draw on these war loan account balances in spending the money throughout the country.

Borrowing "Federal funds" from other member banks having excess reserves, although usually cheaper than the rediscount rate, is also not a solution because of the low general level of reserves in New York and the pending need of all institutions for all available reserves in order to carry larger volume of Governments.

Excess reserves at New York are now down to close to the $500,000,000 level, the lowest volume since the spring of 1938, and comparing with $990,000,000 at the close of 1941 and $3,465,000,000 at the close of 1940 (before the increase in legal reserve requirements in November, 1941). Based on present legal reserve requirements of 26% against demand deposits, which are to the bulk of deposits, New York banks could expand their holdings of Governments by little more than their present volume of excess reserves. Although for the system as a whole, member banks could expand their Governments by a multiple of about five times their present excess reserves of $2,800,000,000, individual banks in a given locality cannot expand as much as the system average, and are limited in expansion power much closer to actual volume of excess reserves.

Consequently, New York currently possesses a picayune expansion power, compared to at least 25% ($6,600,000,000) of total Government 1943 financing which New York banks may be expected to take (in fact, New York member banks took 45% of the 1952-55 issue of 2¼s last February).

Now, if the banks have to raise their reserves by borrowing at the Federal, where the rate is 1% on advances on Government securities, the spread would be small between such cost of reserves and the low net yields on issues (maximum of 2½% gross on long terms, or 1½% net after 40% combined normal tax and surtax).

Hence the fairness to the banks, at a time of mounting taxes and increasing operating costs, of providing reserves at no cost in return for their heavy buying support of Government issues. Reserves could be provided by (1) open market operations, whereby the Open Market Committee of the Federal Reserve System buys Government securities from dealers or banks and thus injects funds into the money market and raises excess reserves; or (2) by lowering legal reserve requirements.

Open market operations will continue to play an important part in assuring orderly markets in Government securities and in tiding over the reserve position of banks over tight periods, such as tax dates. But since it is the member banks which are expected to absorb the Governments, lowering of reserve requirements would be the most direct method of furnishing the banks with needed reserves for expansion of War financing.

Not all classes of banks, however, are in as much immediate need of reserves as the money center banks in New York and Chicago. These central reserve city banks have combined excess reserves of little more than $800,000,000, compared to $2,000,000,000 for reserve city and country banks—yet they are the heaviest buyers of Government securities and the Treasury will naturally want all the buying support it can muster.

Consequently, the bill introduced in Congress will give the Board of Governors power to lower the legal reserve requirements of New York and Chicago banks, which need excess reserves the most, and leave unchanged the reserve requirements for reserve city and country banks, which for the present appear to be adequately supplied with reserves. If enacted and the reserve requirements are lowered, it should pave the way for resumed large scale expansion in earning assets of New York banks, with resultant increase in gross earnings with which to offset rising costs and strengthen continuity of present dividends.

SEC Applications For Broker-Dealer Registry

The following applications for registration as brokers and dealers have been made with the SEC on the dates indicated:

May 18, 1942—Nickle, Crone & Co., Ltd., 30 Broad Street, New York, N. Y., Douglas Crone, William Cooper, William J. Tetmeyer and M. MacSchwebel, officers.

May 19, 1942—Bennett & Wieber, 124 North 27th Street, Billings, Mont., Horace L. Bennett and Richard J. Wieber, partners.

May 23, 1942—Evan Lewis Davis, 212 Kennedy Building, Tulsa, Okla., a sole proprietorship.

May 25, 1942—S. R. Gaynes & Company, 225 Broadway, New York, N. Y., Saul R. Gaynes and Louis E. Goldstein, partners; Ruby Sanders Hewitt, Franciscan Hotel, Albuquerque, N. Mex., a sole proprietorship.

May 28, 1942—George Washington Butler, 30 Broad Street, New York City, a sole proprietorship; Charles Delk, 10 South 3d Street, Yakima, Wash., a sole proprietorship (Mr. Delk was previously an officer of Charles Delk, Inc.); Leo Kaufman, 1808 Wheeler Ave., Houston, Tex., a sole proprietorship; Gordon Meeks & Co., First National Bank Building, Memphis, Tenn., George Gordon Meeks, general partner, and Dr. Martin Hermsmeier Wittenborg, special partner.

Gamwell Admits H. Smith

Herbert D. Smith will become a partner in Gamwell & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, as of June 25. Mr. Smith became associated with the firm recently. Prior thereto he was with the New York office of A. G. Edwards & Co.

The Securities Salesman's Corner

Canadian Government Pays Its Investment Industry to Sell War Bonds—Result, A Great Success! Why Not Here?

(Continued from page 2290)

and 2nd Victory Loan over $1,000,000,000.

Financing this war is just as important as making the guns and ammunition with which to fight it. Without hard money, without sound financial backing for the peace to come, even the most overwhelming military victory, will leave the people of these United States stripped of all they are supposed to be fighting for. Why then should our government officials in charge of financing this war effort turn the job over to every sort of harem-scarem organization in the country from the "old ladies aid society" to the "association for homeless cats," and expect these people, all running around at cross purposes, most of them never having sold a security in their lives, to do a successful job of selling the public this nation's war debt?

Since the Canadian Government has turned to the job of selling its bonds to the people, the amount of governments owned by the Canadian banking system has been increasing far less rapidly than in the United States. According to the latest available figures, on a percentage basis, Canadian bank holdings of governments have only increased about one-third as much as will be the case in this country during the present fiscal year. But for next year the American Bankers Association report that they expect over $30,000,000,000 worth of the coming deficit to be financed by our commercial banking system. Faced with such an inflationary situation it is imperative that our Treasury sells more bonds to the public than has ever been sold in the history of this Nation. Sales of a billion a month have not yet been reached — even this great amount falls far short of the expected $50,000,000,000 deficit for the next fiscal year.

But the job must be done—else everything fails. Then why not get practical about this matter of the Nation's security industry and its relationship to the national war effort? When the government needs ships, does it ask a company like General Foods to build them or does it go to Bethlehem, who know how? What does it do when it wants planes, tanks, guns? It goes to those who know how to make them. Today the government has even called in insurance industry to sell war risk insurance—**and it pays them a small commission of 5% to cover their expenses.** Why shouldn't the securities industry be called in to sell bonds in a really big way? **And why shouldn't a small commission be paid to dealers, brokers and investment bankers, so that when they and their salesmen give their time, knowledge and experience to this job, that they, at least, receive their expense money for their efforts.**

Is the Canadian Government better disposed toward its loyal citizens of the investment industry than is our own? Is our own government willing to see every other business and industry in the Nation go along and do its share in the war effort, make a reasonable profit on every government contract, yet take the stand that in one of the most vital jobs in respect to winning this war, it will completely disregard the all out efforts, of what is still the greatest bond selling organization in the world—the firms and dealers from coast to coast who together make up America's financial machinery?

How about it Mr. Morgenthau? we're all together now—one for all and all for one. It's time you Washington Generals called in your loyal, financial soldiers on the investment front.

Our Reporter's Report

(Continued from page 2289)

derwriters are moving to place themselves in a position to go after this business, when, as and if it develops.

Doubtless new affiliations will grow out of this anticipated change, but chances are that those firms which have lined up together, more or less regularly, on corporate financing in the past, will be found pretty well grouped.

Meanwhile, however, it is likely that the names of some of the firms which have specialized in municipals will be found more frequently in the ranks. A combination of the knowledge and experience of the latter, with the distributing facilities of the former should provide strong combinations.

Really Big Business

Back of current observations and preparations, naturally, is the theory that it is in this direction that major business may be expected to develop in the months ahead.

And that the securities distributors are aware of its possibilities becomes evident from their observations with regard to some of the business that they regard as potential.

For example they cite the possibility of the City of Cleveland acquiring the properties of the Cleveland Electric Illuminating Company, now controlled by the North American Company.

Here they visualize the possibility of a piece of business which could develop into $100,000,000 or more of revenue bonds, based on a property which has earned its keep quite well in fair weather and foul.

Other Big Prospects

Looking a bit farther afield, they are able to direct attention to the possibilities of the Sante Cooper development, which could entail the transfer of privately owned distributing facilities with a valuation running well up above $60,000,000.

If, as they perceive, we are entering upon an era of transfer of privately owned utility properties to public hands, numerous other prospects come to mind.

Pressure already is on for the acquisition of many privately operated utilities in the Columbia River and Bonneville Dam areas. The Colorado River Basin development looms as another prospect. Already the movement is well-along in Nebraska.

Virginia Public Service Syndicate

Winding up of the syndicate agreement on the Virginia Public Service Company's 3¾% first mortgage bonds on Tuesday, brought the usual easing off in that issue.

Brought out at 106¾ a fortnight ago, it settled following the pulling of the syndicate bid to rule around 104 bid and 104¼ asked.

Meanwhile the company's 5% debentures on which the syndicate bid is still in force, maintained comparative firmness.

On The Fire Again

Current indications are that the financing projected by the Central Maine Power Company some months ago, but deferred for various reasons, will probably find its way to market early next month.

Several banking groups are known to have been organized for the purpose of bidding for the securities involved, and invariably that is a reliable sign that the business is on the way.

The project involves a total of $19,500,000 and will, it is expected, follow the acquisition by the company of the Cumberland County Power & Light Co.

Bankers will be requested to enter bids for $14,500,000 of first and general mortgage bonds, and $5,000,000 of notes to mature in one to ten years.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 15 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated June 17 and to mature Sept. 16, which were offered on June 12, were opened on June 15 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $801,271,000.
Total accepted, $300,993,000.
Range of accepted bids (excepting one tender of $10,000):
High, 99.930, equivalent rate approximately 0.277%.
Low, 99.907, equivalent rate approximately 0.368%.
Average price, 99.908, equivalent rate approximately 0.365%.
(61% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 17 in amount of $150,273,000.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange announces the following weekly firm changes:

Transfer of the Exchange membership of Arthur D. Weekes, partner in Chauncey & Co., New York City, which will continue as an Exchange member firm, to Raymond H. Sigesmund, will be considered on June 25.

Transfer of the Exchange membership of Oliver K. Church, partner in Tifft Brothers, Springfield, Mass., to Lewis E. Tifft, partner in the same firm, will be considered on June 25.

Transfer of the Exchange membership of Miles E. Browne, deceased, to George A. Winsor, will be considered by the Exchange on June 25.

Transfer of the Exchange membership of Richard B. W. Hall, partner in M. D. Doyle & Co., New York City, to Milton Dorland Doyle, senior partner in the same firm, will be considered on June 25.

Marc W. Haas and Donald M. Smith retired from partnership in Jacques Coe & Co., New York City, as of June 11.

Anderson Bros., New York City, was dissolved as of June 3.

Hetherington & Doublier, New York City, was dissolved as of June 11.

W. Eldridge Tobias, member of the Exchange, died on May 31.

Interest of the late Howard Crosby Foster in Foster & Adams, New York City, terminated June 1.

D. H. Silberberg Major

Daniel H. Silberberg, senior partner of D. H. Silberberg & Co., New York City, members of the New York Stock Exchange, has been commissioned a major in the United States Army. Alan H. Rosenthal, a partner in the firm, is now a lieutenant in the Army.

D. H. Silberberg & Co. will discontinue business on June 30th; the bond department will join Cowen & Co., 54 Pine Street, New York City, members of the New York Stock and Curb Exchanges, it is understood.

Investment Trusts

"AN INVESTOR INTERVIEWS THE TRUSTEES"

For another "sane, dispassionate discussion" of current investment problems such as was mentioned here last week, we recommend the current bulletin of the George Putnam Fund of Boston. Therein, under the title quoted at the head of this column, the Trustees give their answers to some of the outstandingly vital questions of the day. Here are some excerpts from the bulletin:

"From time to time we talk with people about the problems of investing money. Some of the questions that are of general interest to investors at this time are set forth below together with our answers.

Will We Have Inflation In This Country?

"We have already had a certain amount of price inflation of the type that accompanies most wars. As everyone realizes — especially the housewife—prices have advanced sharply and the Government has recently placed a ceiling on most retail prices in an endeavor to prevent a further substantial rise. This is a move in the right direction but we doubt that these ceilings will prove effective unless steps are taken to control costs and absorb the large increase in purchasing power, either through taxation or borrowing.

"Most investors who are worried about the effect of inflation on their savings are thinking in terms of the disastrous shrinkage in the value of money such as occurred in most European countries after the World War. These experiences were the result of almost complete national economic and financial exhaustion due to the war. We see no present danger of such an extreme type of inflation developing in this country.

"Inflation is only one of a number of factors that should be considered in shaping an investment program. It should not be, in our opinion, the dominant or controlling factor.

Will There Be A Postwar Depression Similar to 1920-1921?

"At the end of the World War there was a short business boom accompanied by very rapidly rising commodity prices. This boom broke in 1920, prices fell drastically, many businesses were caught with excessive inventories and a wave of bankruptcies took place as the country passed through a short but painful depression.

"We see, however, no conclusive proof that a similar depression will follow the end of the present conflict. In fact the pattern of the World War has thus far proved to be an unreliable guide to the solution of present investment problems.

"The knowledge of the aftermath 20 years ago at least has this advantage, it points out a danger that must be avoided. There is a very real awareness of this danger on the part of both Government and business and partly for this reason we are inclined to be hopeful rather than pessimistic over the postwar outlook.

"Tremendous shortages of goods will exist all over the world and the rebuilding job will be vastly greater than it was 20 years ago. In our own country a large demand is being built up for such products as automobiles, refrigerators, radios and an increasing line of similar goods. From the laboratories, too, will come an imposing array of new products.

"Government regulation will continue and it is desirable that a considerable measure of central control and direction should exist during the postwar transition period. Such control, however, should encourage private business expansion rather than rely upon a vast new Government spending program.

"Business will be highly competitive as companies seek to recapture old markets and develop new ones. Conditions will place a high premium on management and in his choice of securities the investor should place particular emphasis upon the ability, especially the merchandising ability, and the alertness of management.

Will Private Business Survive In This Country?

"There is very little doubt in our minds that (1) the Allies will win the war and (2) private enterprise will survive and prosper in this country.

"All over the world in recent years governments have exercised increasing control and regulation of the nation's economic life. This tendency is likely to continue into the postwar world with all of its new problems of adjustment.

"At the same time, however, we feel confident that the great bulk of business in this country will be carried on by private enterprise. By and large private operation has shown itself more efficient and more progressive than government operation, and the American people are not unaware of this fact.

"Despite the increased taxes of recent years business profits have been very satisfactory during the past two years. This is a fact that many people tend to overlook. The New Deal has presented business with many new and vexing problems but on the average the well managed company has shown satisfactory earnings. Taxes will

(Continued on page 2298)

Municipal News & Notes

For the fifth consecutive year the net debt of American cities has dropped, in contrast to an ever-mounting Federal debt. Rosina Mohaupt of the Detroit Bureau of Governmental Research reports in the current issue of the "National Municipal Review" that the reduction this year amounted to 4.6% and that the decrease during the five-year period totaled approximately 12.5%.

"If this trend continues," she said, "it is reasonable to believe that the total municipal debt will be extinguished within the next 30 or 40 years for the majority of American cities. Desirable as this may be from the standpoint of the municipality, it has serious consequences."

These decreases, she said, have been caused by the decline in the rate of growth of cities, the precarious financial situation of many larger cities, and the willingness of the Federal Government to absorb all or a major portion of the local construction program.

The report estimated, on the basis of returns from 286 cities in the study, that the total gross bonded debt of American cities over 30,000 population was $8,747,700,000, or $171 per capita as of Jan. 1, 1942, a decrease of $3.80 per capita from the previous year.

"This per capita," the report said, "is somewhat higher than one-third of the per capita Federal debt as of the same date.

"It is doubtful if the present decline in debt reflects the curtailment of construction by cities because of the war economy program since the figures antedate any such effort," the report continued. "It is possible that the present trends may be entirely reversed by a concerted drive for postwar construction programs to absorb man power released from war industries."

The report added that at present any plans for sharing the financing of such projects among Federal, State and local governments are nebulous.

"The present downward trend of municipal debt may possibly be an indication of the decline of the municipality and the ascent of the Federal Government as a major factor in financing many of the larger costs of urban governments," the report said.

Gasoline Tax Losses To Be Discussed

Declining State revenues because of gasoline rationing and Congressional plans to exempt gasoline purchases for war purposes from State and local taxation will be the principal subject of discussion when gasoline tax administrators in the Northeastern States meet with petroleum representatives for a conference in New York City tomorrow.

With Deputy Commissioner Louis H. Feuss presiding, the discussion of gasoline rationing will be based on a report by Joseph L. McLaughlin, Petroleum Coordinator for the State of New Jersey, who is to be followed by a representative from the Washington office of the Petroleum Coordinator.

Henry Long, Commissioner of Taxation for Massachusetts and a recognized authority on tax administration, will discuss the State problems of finance arising out of the curtailment of revenue through rationing and the ever-increasing volume of tax exempt sales.

John G. Walsh, tax counsel for Tide Water Associated Oil Co., will speak on the probable effects on State revenues of House Resolution 6750 which is designed to exempt from State and local taxation all purchases for use in war contracts.

Canada and U. S. In Reciprocal Tax Pact

In a move of particular interest to United States holders of Canadian bonds, the Canadian Senate has approved a reciprocal agreement with the United States equalizing income and corporation taxes for non-residents. The withholding tax on Canadian investments held in the United States will be reduced from 27½% to 15%.

Eight States Require Publication of Administrative Codes

Rapid growth in number and kind of State administrative agencies during recent years has caused eight States since 1939 to require publication of State administrative codes and registers putting in order all rules and regulations adopted for administering their State governments.

The States, the Council of State Governments said last Friday, are Oregon, Kansas, Massachusetts and Wisconsin, which provided for their codes by legislative action in 1939; California, Ohio and Tennessee, in 1941; and Kentucky, taking action this year.

Despite the publishing of statutes in this country for 300 years to inform people of their rights and duties, the publishing of administrative rules, which have the force of law, was not systematized in any State until Oregon took the step three years ago, the Council said.

N. Y. City Board Votes Large Postwar Program

A $628,000,000 postwar construction program for New York City was approved unanimously last week by the Board of Estimate after Controller McGoldrick had warned that the city could accomplish this program only if the Federal Government contributed $272,700,000 toward it. The construction is designed as a step toward taking up the slack in employment after the war.

Members of the Board of Estimate said each project must be approved as to plans, construction and financing when it comes before the Board later as a single enterprise.

Controller McGoldrick reported to the Board that $470,000,000 of the program would be chargeable against the city's debt-incurring margin whereas only $384,000,000 would be available in debt-incurring power.

The Controller said that taking on the postwar program would mean that the city would have to issue bonds amounting to $100,000,000 a year, adding that the city could handle that amount. If the Federal Government contributed toward the program he assured the Board of Estimate that the city could finance it.

N. Y. City Valuation Cut 100 Millions

Assessed valuation of Manhattan Island was placed at $7,664,078,941 last week by the Tax Commission of the City of New York.

Inclusive figures for all five boroughs — the Bronx, Queens, Brooklyn, Staten Island and Manhattan—were set at $16,122,975,455, a reduction of $100,161,771 from last year's valuation.

New Jersey Developments of Interest

Sale by the City of Montclair on May 26 of $1,095,000 refunding bonds directed attention to legislation enacted recently at Trenton of interest to the municipal fraternity. Measures were passed permitting local units to raise funds now in order to finance ahead of time future redemptions and maturities. Meanwhile, the cash realized from such sales may be used to buy the outstanding bonds in open market or to invest in appropriate Treasury issues. Dealers express hope that other New Jersey communities will shortly emulate Montclair's example.

Governor Edison received a complaint recently from Buckley Brothers, Philadelphia investment house, regarding the possible deleterious effect on their bonds of unfavorable stories about several of New Jersey's widely known shore communities.

The Chief Executive's response characterized stories of oil-covered beaches, closing of waterfront areas for military use, inconvenience and hazards from dimouts, and landings from submarines as baseless rumors and calls attention to action taken by the Legislature directing the New Jersey Advertising Council to conduct a campaign to offset them.

Iron mining is said to have been New Jersey's first major industry. From the "Garden State" there was obtained a large part of the metal that went into the making of cannon and cannon balls and other weapons for the revolting colonists of 1772. Unquestionably the ore then mined and smelted in New Jersey for military uses was no small factor in the winning of the Revolution. It was also a factor in the Civil War. This was not the case in World War I, but in the present struggle the State's deposits again are being heavily drawn upon.

Revival of iron mining got under way in 1938. Two years later output reached the highest level ever attained, although in 1932 the tonnage had fallen to 30,844, the lowest in 100 years, with only one mine in operation.

New Jersey has always been a pioneer State in good road-building. From 1650 on, the time the first highway was built in the United States by the Dutch, in New Jersey, it has set the pace, so that today it has the finest highway systems in the country. Perhaps the greatest influence on road-building in New Jersey is its geographical situation. For it lies between the two great cities of New York and Philadelphia, and traffic between these two centers is extremely heavy. The second important factor is the fact that New Jersey is and always has been a great industrial center and agricultural district. The new highways had to keep pace with the development of industry and agriculture and the increased traffic across the State from New York to Pennsylvania. The State Highway Department planned a comprehensive highway system to cover the entire State many years ago. However, with the increase in ratio of cars to persons and the building of tunnels and bridges connecting New Jersey with New York and Pennsylvania, a revision of the plans was made necessary. With keen foresight, the Highway Department foresaw a rapid increase on New Jersey roads and planned accordingly.

N. J. Municipals Show Improvement

With certain exceptions, obligations of various municipalities located in the State of New Jersey during the past 10 days or so have shown relatively greater improvement from a market standpoint than the general average of municipal bond prices. Traders ascribe this performance to the fact that New Jersey municipal bonds as a class apparently had fallen too far behind the market as a whole. It is emphasized that when the threat to tax-exemption on State and city bonds was considered as acute, earlier this year, the market for municipals was narrowed down to investors interested primarily in the highest quality issues. This situation resulted in sharper than average setbacks for issues not so highly regarded. With easing of the taxation threat that has followed rejection by the House Ways and Means Committee of Treasury proposals for reaching income from municipal bonds, the less highly regarded issues, including Jersey municipals, have returned more nearly to their normal market status. Among more favored New Jersey municipals which have been strong recently are Morristowns, Ridgewoods, Elizabeth and Passaic waters. Jersey City bonds on the other hand have experienced a poor market since the dispute between Governor Edison and Mayor Hague has been under way.

(Ed. note—Above is taken from the "Wall Street Journal" of June 13.)

N. J. Rail Tax Law Called Valid

Federal Judge Guy L. Fake asserted last Friday that he considers the railroad tax compromise law passed by the Legislature in May and approved by Governor Edison to be currently valid. Attorney General Wilentz contends the law is invalid and is attacking it in the State courts.

Judge Fake signed an order directing reorganization trustees of the Central Railroad of New Jersey to take advantage of the new statute immediately. The trustees had obtained an order previously calling upon Wilentz, Controller Zink and State Treasurer Hendrickson to show cause why the compromise payments should not be accepted. Jersey City also was made a party to the proceedings.

Rail Tax Payment Declined

State Treasurer Hendrickson on Monday said he still was powerless to accept tendered payments of delinquent railroad taxes despite Judge Fake's order, directing him to do so.

The Treasurer states a temporary injunction issued by State Court of Chancery in Attorney General Wilentz's challenge of constitutionality of new railroad tax laws prevented him from accepting checks from Central Railroad of New Jersey and three other roads, "until Chancery Court injunction is voided or modified, and I believe it will be modified," Hendrickson said, "I am subject to its restraint."

New Orleans Funding Plan Attracts Attention

Southern municipal men have shown interest in the adoption of resolutions recently by financial officers of New Orleans, authorizing the adoption of a plan which would reduce the interest rate on $12,000,000 of outstanding public improvement bonds from 4 to 2%. For the plan to become finally effective, holders of 90% of the liens must deposit them with authorized banks along with a written assent authorizing the banks to substitute 2% coupons for the present 4% ones. These bonds must be deposited before Aug. 1 of this year; however, the Board of Liquidation has the right to make 30-day extensions of the period providing the final date is not later than Dec. 1, 1942.

The bonds are originally due July 1, 1950, and are callable at any time after July 1 of this year. If the coupon substitution plan fails to be adopted all bonds will be callable and a new refunding issue offered the public at a lower rate of interest, it was announced. The plan saves the city about $240,000 a year in interest costs.

Alberta Debt Refunding Parleys Resumed

The joint committee appointed to discuss possibilities of refunding Alberta's public debt resumed negotiations early last week. Composed of representatives of the Provincial Government and the bondholders, the committee will study refunding of $121,000,000 worth of Alberta bonds. The committee held its first meeting last September but only preliminary discussions were possible before the sessions were adjourned.

Courtland Elliott, of Toronto, Chairman of the bondholders' section, said efforts had been made to have a representative of English bondholders attend the sessions but it had been found impossible to arrange transportation.

Soon after last September's short negotiations, the Social Credit caucus passed a resolution declaring any agreement for refunding should set an interest rate no higher than the present rate—an average of 2.5%, in effect since June, 1936, when the rate was cut from an average of 4.89%.

But since the last legislative session, the caucus passed another resolution giving the government a free hand in its negotiations with the bondholders.

Old High Rate Issues Reappearing

Municipal traders say that there is a definite pickup in the number of higher coupon State and city bonds finding their way into the market. These "vintage" bonds tell their own story; usually their high coupon relates that they were originally issued quite a few years ago and since that time have reposed in strong boxes. Almost all State and municipal issues of the last few years have carried progressively lower coupon rates.

Housing Bonds Discussed

The award last Thursday by the City of Yonkers, N. Y., Municipal Housing Authority of $2,396,000 Series A refunding bonds attracted a considerable amount of attention and favorable reception upon reoffering. The sale was marked by exceedingly close bidding, the winning tender being 2.0606%, while the second best offer was a 2.066% interest cost basis.

As Hemphill, Noyes & Co. of New York, remarked in a recent municipal bulletin:

Housing Authority bonds, of course, are not municipal issues but are handled by municipal departments, because they are tax free and because it was municipal men who first wrestled with their intricacies, bid for them, and tried to make them intelligible to buyers.

There is no reason to expect a dearth of housing bonds, for they are fostered by the liberal hand of the Federal Government. The USHA is empowered to lend up to $800,000,000 at any one time and to pay out annual contributions up to $28,000,000 a year to local housing authorities. The potential supply of housing bonds is indicated by the $950,000,000 (including some duplication due to extensions) of temporary housing loans which have been sold. Every such note issue is eventually to be replaced by Series A and Series B bonds. Thus far, according to such records as we have been able to compile, only $50,079,000 of original issue Series A bonds and $33,019,000 of refund-

ings have been offered to the public.

Municipal dealers think of the large unfunded remainder as a reservoir of good business. Successive offerings of the serial housing issues have been spaced and timed intelligently, to enliven, rather than to bog down, the municipal market. Series A bonds have become better liked with each new issue, partly at least because as a group they have sold well, have worked up in price, and in a few instances have even been refunded at lower rates of interest.

Housing Bonds Offered

Officials of three local housing authorities announced last week that they will receive bids next Tuesday for new issues of Series A bonds, aggregating $5,091,000. The largest item consists of an issue of $4,408,000 of New Haven, Conn., Housing Authority bonds, maturing from Jan. 1, 1943 to 1970. Officials of Seattle, Wash., Housing Authority will consider bids on an issue of $498,000 of bonds, due from Jan. 1, 1943 to 1964, while Alexander County (Ill.) Authority will offer $185,000, maturing from Jan. 1, 1943 to 1958. All of the bonds will be dated July 1, 1942.

Public Purchases Stimulated

Under the terms of the original assistance contract entered into between local housing authorities and the Federal Public Housing Authority, formerly known as the United States Housing Authority, the FPHA agreed to lend the authorities up to 90% of the development cost of the project at 2½% annually. Only the remaining 10% was to be obtained locally through the sale of bonds.

Now the bond-buying groups are offered the opportunity to purchase as much as 85% of the total authorized issue, for the two-fold purpose of reducing interest costs and to free Federal housing funds for war purposes. Bonds taken by the public are known as Series A, those issued to the FPHA at 2½% interest will be Series B.

Inasmuch as the bonds will be tax exempt by both State and Federal laws, the authority has announced that in the event that prior to the delivery of the Series A bonds the income received by private holders from bonds issued by public housing agencies in connection with low-rent housing or slum clearance projects shall be taxable by the terms of any new income tax law enacted, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the bonds.

Municipal Bankruptcy Act Extension Voted

The Senate on Monday passed and sent to the White House a bill extending the life of the Municipal Bankruptcy Act to June 30, 1946.

N. Y. Local Units To Buy Through State

Two statutes, enacted at Albany in the recently adjourned legislative session, designed to permit large savings to taxpayers, under which cities, counties, towns, incorporated villages and school districts will be able to buy hundreds of items at State contract prices will go into effect July 1.

Already numerous local units of government have indicated they will initiate or expand their local purchases through State facilities. To meet this situation imposing new duties and responsibilities on the State Division of Standards and Purchase, the head of that unit, Commissioner John T. Higgins, is setting up machinery to aid the localities, but using present personnel rather than new help.

Seattle Sale Postponed

The already meager calendar of scheduled municipal offerings was greatly depleted by action of Seattle, Wash., officials Tuesday, when they decided to postpone the sale of the $7,900,000 municipal light and power bonds, which had been set for next Monday. The indefinite deferment is understood to have been brought about by difficulties on priorities.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

June 19

$1,040,000 Greenburgh, N. Y.
This town awarded bonds in July, 1940, to A. C. Allyn & Co., and E. H. Rollins & Sons, both of New York, jointly. Second best bid was a joint offer by the Marine Trust Co. of Buffalo, and R. D. White & Co., Inc., New York City.

June 22

$490,000 Tennessee (State of)
Although slightly under the required amount this offering is included because of general interest. Last December the State awarded bonds to Halsey, Stuart & Co., Inc. There were a number of other bids submitted for the issue.

June 23

$5,246,000 Local Housing Authority bonds
The three most important of the six local unit offerings comprising the above total are described in a separate item under "Housing Bonds Offered." Yonkers sold housing bonds on June 11 to Lehman Bros., and Phelps, Fenn & Co., both of New York, and associates. Buffalo awarded housing bonds on June 2 to a syndicate headed by Blyth & Co., Inc. of New York.

June 24

$2,025,000 Minnesota (State of)
These are Rural Credit Deficiency Fund certificates. Last January the State awarded similar certificates by a syndicate headed by the Wells-Dickey Co. of Minneapolis. Second best bid submitted by Harriman Ripley & Co., Inc. of New York, and group.

June 29

$600,000 Clinton Co., N. Y.
In March, 1940, the county awarded bonds to the First National Bank of Chicago. Second best was a joint bid entered by B. J. Van Ingen & Co., and E. H. Rollins & Sons, both of New York.

July 7

$1,279,500 Toledo, Ohio
On May 19 a syndicate headed by Stranahan, Harris & Co., Inc. of Toledo, was successful bidder. Runner-up for the issue was Halsey, Stuart & Co., Inc. of Chicago.

Investment Trusts

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unquestionably remain high after the war but this fact alone need not prevent a reasonable level of earnings.

How Will The Government Debt Be Paid Off?

"This is a question that is troubling many people today and we don't pretend to know the answer to it.

"We should recognize, however, that the tremendous increase in Government debt in recent years has been offset to some extent by a decrease in the private debts of individuals and corporations. Reliable estimates show that from 1929 to 1941 the public debt of the country (Federal, State and local) increased approximately 50 billion dollars, whereas during the same period the private debt of individuals and corporations declined approximately 26 billions. In addition it is important to remember that the burden of carrying every dollar of debt has been eased very materially in recent years by the sharp reduction in the rate of interest paid on that debt.

"If we are fortunate enough to have a period of real prosperity and active business after the war the high tax rates that are likely to prevail will permit some reduction in size of the Government debt. It seems more likely, however, that we must become accustomed to a new level of Government debt in this country. We believe that the country can support this high debt without too much difficulty providing business conditions are not too unfavorable and the country has the political courage to face the issue squarely."

Investment Company Briefs

The estate tax muddle continues to be given definitive treatment in the current publications of investment company sponsors. Lord, Abbett & Co. have prepared a two-page bulletin on the subject in which the States are separated into three groups according to their inheritance tax laws. Detailed explanation of the effect of the laws in each of the three groups, as applied to the estate of an individual, is given.

Massachusetts Distributors, Inc. in the June 6, 1942, issue of "Brevits" cites examples of the seriousness of the multiple tax problem. One case was of "an estate probated in Boston prior to the 1932 Supreme Court decision. In addition to various Massachusetts securities, this estate held stocks of 41 corporations and bonds of 22 corporations organized in 19 outside States. All these States did not impose taxes but those that did collected over $44,500 in estate taxes." It is pointed out that had such "outside" securities as these been held through the medium of a Massachusetts investment company this entire amount would have been saved.

* * *

In a folder entitled "The Railroads Go To War" and replete with pictorial evidence of the railroads' role in the production of armaments, Hugh W. Long & Co., Inc. make a case for the Railroad Series of New York Stocks, Inc. Strongest point in the case is the actual market performance of this Series during the past two years, which is tabulated as follows:

	Dow-Jones Railroad Average	*Railroad Series New York Stocks
May 21, 1940	22.14	$2.11
Nov. 14, 1940	30.29	3.25
Advance	8.15	1.12
Percentage advance	36.8%	53.08%
May 21, 1940	22.14	2.11
May 4, 1942	24.66	3.28
Advance	2.52	1.17
Percentage advence	11.4%	55.4%

*Offering Prices.

* * *

"Investment Timing," the weekly market service of National Securities & Research Corporation, devotes the greater part of its June 11, 1942, issue to an analysis of the position of second-grade railroad bonds. The conclusion is reached that following the recent drastic decline in the second-grade rail bonds the prospect for them is again favorable and that present prices do not adequately reflect their potentialities.

* * *

The summer edition of the "Selected Investor," published by the sponsor of Selected American Shares, Inc., is a refreshingly different type of investment company publication. Styled along the lines of the employee publications issued by large corporations, the little booklet contains a number of investment articles, notes on the fund, and personnel data, all done in an interesting way.

* * *

Calvin Bullock, in a small copyrighted brochure entitled "You . . . Capitalist," explores the question as to the future of capitalism. Far from arriving at the conclusion that it is doomed, the brochure makes the point that capitalism is simply becoming more democratic! An interesting presentation and one which authorized dealers can make available to their clients through the medium of Calvin Bullock's now famous return postcards.

* * *

"An Illogical Market" is the caption to the Hare's, Ltd. latest bulletin on bank stocks. The following comparisons are cited: "At the September, 1939, high each $100 invested in the stocks of these 15 (New York City) banks would have purchased approximately $562 of earning assets, and the average rate of dividend yield would have been 4.0%. . . . Currently, each $100 invested will buy approximately $1,226 of earning assets, and the average yield of the 15 stocks is 5.8%."

Dividend Notices

Affiliated Fund, Inc.: A dividend of 4¢ has been declared on the common shares payable July 15, 1942, to stock of record June 30. Shares purchased through the record date will carry the dividend.

* * *

Scudder, Stevens & Clark Fund, Inc.: A dividend of 75¢ a share for the second quarter was declared payable June 20 to stock of record June 9.

* * *

Selected American Shares, Inc.: A dividend of 15¢ per share payable June 30 to stockholders of record June 19, 1942, has been declared payable by the Board of Directors. This dividend, derived from dividends and interest on securities owned, is the 21st dividend to be paid by the company and is the same amount per share as was paid in June of last year.

Minimum Capital Law Proposed By NASD

(Continued from page 2290)

remaining evidences of our transition from the Investment Bankers Conference, Inc., to the National Association of Securities Dealers, Inc.

"Other amendments represent additions of substance; namely, new Section 1 of Article I of the By-laws establishing a minimum capital requirement for membership in the Association; new Section 14 of Article I of the By-laws, which is a parallel section to Section 1 of Article I, to provide a procedure whereby a firm's membership in the Association may be discontinued if the member should lose any of the requirements for membership; new Section 2 of Article III of the By-laws which sets forth the duty of each member to furnish information properly requested by the Board of Governors; new Section 21 of Article III of the Rules of Fair Practice which, in effect, provides that each member must keep and preserve such books and records as are required by the various Federal and State statutes.

"There is also a new rule regarding salesmen, providing for a greater supervision of members' sales personnel than has heretofore been required by the Association. The change in Section 1 of Article V of the Rules of Fair Practice also proposed, must be read in connection with Section 14 of the Code of Procedure, inasmuch as both sections refer to the period for appeal or review of disciplinary actions; Section 1 of Article V is also amended to clarify the power of a District Committee or the Board of Governors to censure, fine, suspend, or expel for each or any violation of the Rules of Fair Practice. Lastly, Section 3 of Article V of the Rules of Fair Practice—a new section—provides that a member who has been disciplined shall bear such reasonable part of the costs as the District Business Conduct Committee or the Board of Governors deems fair."

In commenting upon the proposed new minimum capital requirements, H. H. Dewar, Chairman of the NASD, said that they will afford public investors a measure of protection to a degree heretofore unavailable to them and will further elevate standards within the business itself with which the Association is constantly concerned.

Pointing out that the proposals represent the first sweeping revision of By-laws and Rules proposed since the Association registered in August, 1939, with the SEC, the New York "Times" of June 15 said in part:

"The proposals are based on the experience gained in self-regulation during the last two years or so.

"Most of the proposed amendments affect only the language of the By-laws, Rules and Code of Procedure, although several, including that for capital requirements, reflect aggressive action on the part of the Association's Board of Governors in carrying out the fundamental objectives of the Association, which are protection of investors and promotion of the welfare of the investment banking and securities business.

"Another proposed change which is considered significant in increasing 'investor protection' requires strict supervision of salesmen employed by members of the association. All orders taken by salesmen for the purchase of or subscription to any security must be subject to confirmation by the employer member. This proposal, it is explained, grew out of laxity in supervising the activities of salesmen. The amendment providing for minimum capital requirements, if approved, will become effective on Oct. 15.

"For the purpose of carrying out the provisions of the capital requirement amendment, the Board may, from time to time, by rules define the term 'net capital' and prescribe the method by which it shall be computed and the time when, and the manner in which, members shall submit statements of financial condition to the Corporation."

Ins. Stock Looks Good

Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges have just issued a detailed analysis of Standard Accident Insurance Company of Detroit, Mich. Included in this comprehensive analysis are a discussion of the history and business of the company, capitalization, diversification of assets, company's investments, liquidity, financial position, recent earnings and dividends. Copies of the analysis of Standard Accident Insurance, which offers an attractive situation at the present time, according to Mackubin, Legg & Co., may be had upon request from their bank and insurance stocks department.

'Gas' Rationing Plan Extended By OPA—Present Unit Doubled To Tide Over Motorists

The Emergency Plan for gasoline rationing has been extended on the East Coast from July 1 to July 15 to permit adequate time to set up machinery for issuing the permanent coupon system that is to go into effect July 15, the Office of Price Administration announced on July 11. This change was made to permit training of registrars and ration boards on the new coupon system to go into effect on that date. Originally, the Emergency Plan was to end June 30.

At the same time OPA raised the unit value of the "A" and "B" cards now in use from three gallons to six gallons, effective at 12:01 a.m. June 15. The purpose of doubling the unit value was to provide card holders with enough gasoline to tide them over the two-week extension period.

Card holders who exhausted all units on their cards by June 15 may apply to a local rationing board for an extra ration. Leon Henderson, OPA Administrator, pointed out, however, that such a ration should be for gasoline needed between July 1 and July 15 only, since the rations allowed by the present cards were expected to cover all driving needs through June 30. Applicants for additional supplies of gasoline in all cases will be required to pass the usual tests for supplemental rations.

The OPA also raised the value of the unit for motorcycles, and three-wheeled vehicles, from 1.2 gallons to 2.4 gallons.

"The new plan, which replaces the present temporary plan, will apply more rigid and more complete control over the flow of gasoline throughout the Eastern shortage area," Mr. Henderson explained. "This necessarily entails more detailed regulations than were needed for the Emergency Plan. For this reason some time is needed to train registrars, and supply local rationing boards with instructions and material for carrying out the plan.

"We are making every effort to eliminate all confusion in issuing the new coupon books, and make it as convenient as possible for car owners to obtain their ration."

On June 13, the OPA announced that motorists on the Eastern Seaboard will register July 1, 2 and 3 at public schools for the new gasoline "A" ration coupon books. Owners of trucks and other commercial vehicles will apply at local rationing boards.

The new "A" coupon books contains six sheets of eight coupons each. Each sheet will be good for a two-month period. The six coupons on the first sheet are marked "A-1," which means that they may be used at any time during the first two months after the plan goes into effect. Coupons on the following sheets are numbered "A-2," "A-3," etc., and will be good during the respective two-month periods. The coupons may be accumulated within the several periods, but unused coupons are void after the period for which they were issued is over.

At time of registration a car owner may ask the registrar for an application form for a supplemental ration. This he will present to a local rationing board after he has filled it out. The board will determine if the applicant is entitled to any supplementary ration, and if so, whether it should be in the form of a "B" or a "C" book. No applicant may receive both.

[For further details see last week's issue of the "Chronicle," page 2205.]

"E" And "R" Coupon Books

All gasoline for occupational non-highway purposes, including commercial boats, will be rationed through "E" and "R" coupon books tailored to needs under the permanent rationing plan, the OPA announced on June 13. These coupon books, containing enough coupons for a six-month supply, may be obtained at local rationing boards. Applicants may be issued one or more "E" or "R" books depending upon the amount of gasoline for which need can be established during this period, the announcement said.

An "E" book will contain 48 coupons with an exchange value of one gallon each, and an "R" book will have 96 coupons with an exchange value of five gallons each. In addition, bulk purchase coupons in 100-gallon and one-gallon denominations may be issued when the ration totals 250 gallons or more a month. Bulk purchase coupons are to be issued for the convenience of large users, who store gasoline in tanks. However, "E" and "R" books may also be used for deliveries of gasoline into storage tanks as well as into vehicles.

The exchange values for the "E" and "R" coupons do not necessarily coincide with the value to be placed on coupons for other types of books, OPA pointed out.

"E" books will be issued for small engines, including power lawn mowers and outboard motors. "R" books and bulk purchase coupons will be issued for larger motor equipment, including tractors and heavy farm equipment, and other machinery, such as ditch diggers, using large engines. Rationing boards may issue, however, whatever book or bulk purchase coupon, or combination of them, that will meet the applicant's requirements. Further tailoring may be accomplished by tearing out coupons from the books.

The use of gasoline obtained with "E" and "R" books for highway purposes is forbidden.

Pleasure boats of both the outboard and inboard types will be allowed a basic ration which will permit owners an approximately equal number of hours of pleasure boating regardless of the size of the boat, except the largest sizes.

To Have New Wire System

CINCINNATI, OHIO. — Westheimer & Co., 322 Walnut Street, members of the New York Stock Exchange, announce that on or about June 22 they will terminate their correspondent relationship with L. F. Rothschild & Company of New York, transferring it to Carl M. Loeb, Rhoades & Co.; after which time their wire system will be that of Carl M. Loeb, Rhoades & Co.

Barbour-Smith Incorporates

LOS ANGELES, CALIF.—Barbour, Smith & Company, 210 West 7th Street, member of the Los Angeles Stock Exchange, has been incorporated. Jack M. Barbour, formerly partner in the firm, is now President; Carl M. Purcell, Vice-President; Brian F. Neary, Treasurer, and Louise McCall, Secretary. All officers were formerly connected with the partnership. James L. Adams is a director of the new corporation.

Form Clifton C. Cross Affiliate In Montreal

MONTREAL, QUE., CANADA —Clifton C. Cross & Co. (Quebec) Limited has been formed with offices in the Aldred Building to act as sponsors and underwriters of the "Major" and "Atlas" oil wells and to deal in Canadian oil royalties. Fred C. Rubbra will be sales manager in Montreal. The firm is affiliated with Clifton C. Cross & Co., Ltd., of Calgary, Alta.

Distinct Advantage Offered Defaulted Rails Which Have Not Reached Reorganization Stage

By JOHN POST

Reasons for the attractiveness of the railroad industry generally, as compared with other industries, have already been widely publicized and discussed. Likewise, the peculiar and admittedly valid advantages of second grade rail liens have been given frequent emphasis (tax shelter, etc.). Indeed, the market itself has endorsed such conclusions when rail securities have out-performed all other security classifications. Rail bonds have shown a better performance than rail stocks and defaulteds have done best of all.

But both the discussions and market interest in defaulted bonds has been confined almost exclusively to those roads about to emerge from receivership, because of the sounder capitalization of the new company, the large earnings equities of the new security "packages," the more generous maintenance during receivership years, etc. In the excitement, little attention has been devoted to the possible advantages inherent in defaulted rail bonds that have not yet reached the reorganization stage.

It is with this section of the list that this article is concerned, and it hopes to establish the fact that this neglected type of rail security offers the greatest advantage of all rail investments.

Obviously, non-reorganization defaulteds participate in all the particular benefits of the railroad industry. To the investing public, they have but one feature that is popularly considered a drawback, i.e. the fact that such bonds do not afford a current income.

First as to the feature commonly considered a drawback, namely, the absence of current income therefrom: Receivership railroads reemploy their earnings to the betterment of the property and consequently add these earnings to the equity of the defaulted liens, laying the foundation for better earnings in subsequent periods. This increment to lien equity in periods of profitable operation at least ultimately must be reflected in appreciation of the market valuation of these liens. In this way, it may be said that the earnings are reflected in *capital* appreciation rather than current income distributions.

Now, the particular advantage of receiving capital profit in place of current income lies in the present day taxing methods whereby current income is taxed 100% whereas capital appreciation over a reasonable period is only partially taxable. Under the 1941 Revenue Act, long term profits from securities held two years or more were only 50% taxable. Although the 1942 tax bill has not yet been enacted the House Committee has recommended that the "long-term" profit period be reduced to 15 months. If the taxability of such profits remains at 50%, it means that investors who take their income in the form of capital appreciation rather than current income will save themselves fully half of the now extra heavy taxes on such income. Non-reorganization rail liens provide a medium for such tax savings for those who can wait 15 months or more for their income from investments.

In these times of inordinate taxes such a situation is an advantage rather than a drawback.

So much for the tax benefits to holders of defaulted rails. Taxes, however, are also the principal reason why railroads in receivership enjoy benefits over solvent carriers. Until such receivership railroads earn full interest requirements on all original debt, they are not subject to even normal income tax levies. And here, let it be said, that in their zeal of pointing out the freedom from *excess profits* taxes peculiar to the railroad industry, analysts have largely neglected mention of the stringent normal Income Tax rates to which solvent railroads are just as vulnerable as other industries.

For example, here are some comparisons between Income Taxes and Interest Charges of several leading solvent carriers for the first quarter of the current year:

	First Quarter	
	Federal Income Taxes	Fixed and Contingent Interest
Pennsylvania	$10,371,768	$6,996,662
Atchison	8,123,000	2,986,147
Southern	3,225,000	3,230,533
Union Pacific	4,074,158	3,464,946
Nickel Plate	1,430,100	1,472,471

It will be seen from the above that Income Taxes this year are taking as much or more from these solvent carriers as do their entire interest on funded debt. These tremendous tax drains are benefiting neither the road nor its security holders, but are a permanent subtraction from the roads' operating revenues.

The popular receivership roads are little or no better off in this respect. Here are figures for two of the most recently reorganized carriers that have had a "wise investor" following, comparing first quarter Income Taxes of these reorganized rails with the same period last year, before reorganization:

	First Quarter Income Tax		
	1942	1941	% Increase
Erie	$1,887,377	$315,390	495%
Wabash.	1,327,615	150,155	784%

Now, as an example of the absence of this factor in certain non-reorganization rail liens, we select the Georgia & Florida Railroad as an outstanding case. Although one of the smaller receivership roads, this carrier is a Class I road operating some 400 miles of trackage in Florida, Georgia and South Carolina. Its first mortgage bonds, of which there are $6,254,000 par amount outstanding, have been noticeably neglected by the recent interest in rail obligations. The road has been in receivership since 1929 and no prospective plan of reorganization has as yet been advanced.

For the first quarter of 1942, the Georgia & Florida showed gross revenues of $446,560 as against $319,561 in the same period of 1941, an increase of 40%. This increase was recorded in spite of the fact that 1941 earnings were at a 14 year high.

Even in the face of this increase, however, no provision was necessary for Federal Income Tax, nor would such a provision be necessary unless net available for interest charges was over 400% higher.

Relieved of the necessity of setting aside a major portion of this increase for Federal Income Taxes to which solvent and reorganized railroads are subject, where does the increase go? The figures show that the greater portion goes directly to increase the equity of the Georgia & Florida's outstanding debt; i.e. 53% is accounted for by the items of maintenance of way and surplus for interest. In contrast to the above, solvent and reorganized carriers alike must either let maintenance of way or the balance for interest charges suffer by the amount of Federal Income Taxes to which they are subject. The extent by which Federal Income Taxes exceeded expenditures for maintenance of way out of first quarter increases in gross for both solvent and reorganized carriers is illustrated by the following table which also shows contrast of this condition with the Geoergia & Florida.

In this respect, then, receivership roads such as the Georgia & Florida have this highly fortunate opportunity to place themselves on a sound footing preparatory to being reorganized when the uncertainties of the future have been resolved, meanwhile improving the dollar equities of their defaulted obligations. The same opportunity is denied in its full extent to solvent roads or roads presently or shortly to be reorganized.

To a large extent because of this tax immunity operations of the Georgia & Florida in 1942 may well result in the largest surplus for interest in the road's history, including the year 1927 when its present first mortgage bonds were first issued at a price of 98 (compared with their current level, under 5). Even for the year 1941, these bonds showed cash earnings of about 3%. Nevertheless, first quarter 1942 net for interest showed an improvement over the similar 1941 period equivalent to more than 2% on the bonds. They currently sell below 5.

	First Quarter 1942 over 1941			
	Increase in Income Tax	% of Increase in Gross	Increase in Maintenance of Ways and Structures	% of Increase in Gross
Solvent Carriers—				
Atchison	$7,423,000	31%	$1,616,504	7%
Southern	2,495,000	28%	1,373,790	15%
Reorganized Carriers—				
Erie	1,571,987	28%	855,626	15%
Wabash	1,177,460	53%	207,657	9%
Georgia & Florida	Nil	0%	39,337	25%

Investors Fairplay League Is Organized

B. C. Forbes, well-known financial writer, columnist, and editor of "Forbes Magazine," announces the formation of a national organization of investors, insurance policyholders, and other property owners. The organization is being incorporated under the name of The Investors Fairplay League.

Mr. Forbes is acting in response to nationwide demand in undertaking this project. He has advovated such an organization for years. Frequently in the past he has been urged to carry out his own proposals. The demand following his latest argument for the idea, however, has been so widespread and insistent that he felt he could no longer refuse.

He announces that after today he is discontinuing the daily column which he has written for 30 years to devote himself to the work of the new league. Hereafter his newspaper work will be limited to a weekly article.

In his last daily column he quotes letters received from all parts of the country endorsing the proposal of an investors' "union," offering support, and urging Mr. Forbes himself to take on the job.

In making the announcement Mr. Forbes said:

"When the writer originally advocated that investors, small business men, life insurance policyholders, other property-owners, organize for self-protection, he hadn't the remotest idea of assuming leadership. He earnestly sought to have various national figures undertake the task. But without avail.

"So very many readers have importuned the writer to shoulder the responsibility that, deeply conscious of the vital importance of the task, he has, not without misgivings, consented."

The Investors Fairplay League is being incorporated as a non-partisan organization not operating for profit.

In a recent column which brought forth this pressing demand, Mr. Forbes said in part:

"More and more small investors, more and more of those who formerly constituted our middle class property owners, feel very painfully that they are not being treated fairly. They see the value of their possessions dwindling and dwindling. They are being hurt by dividend reductions and omissions. They face unprecedentedly burdensome taxation.

"They behold organized pressure upon politicians for preferred treatment by labor leaders and farm leaders, backed by strong unions, whereas the small investor and property owner is utterly without representation, influence, at Washington. . . .

"Very significant was what happened at the recent annual meeting of one company. A lawyer, prominently identified with business and economics, urged . . . that the company should cooperate in forming a union of its stockholders and that this union should become a member of 'a larger national stockholders' union, or possibly that it should be a branch of a "middle class" union, representing the middle class of the country.'"

Presents The Case For Speculative Rail Bonds

Speculative railroad bonds are ideal "war babies," according to an interesting brochure entitled "Speculative Railroad Bonds, A Reappraisal," prepared by Nicholas Molodovsky of White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange. "Few other security groups," the study declares, "derive so many direct benefits from a war environment of top speed industrial activity and of maximum taxation. Their privileged tax position, in which both fixed and contingent interest charges rank ahead of Federal income taxes, has made them, for the past two years, desirable substitutes for switches out of many industrial equities.

"The heavy railroad traffic began with the outbreak of the war in Europe. Before the war ends, it will have given to the railroads a longer period of peak business than any conceivable cyclical peace-time 'new-era' prosperity could have bestowed upon them. It is not surprising, therefore, that rail bonds were among the chief sufferers when hopes of an earlier peace than was previously anticipated suddenly swept the country.

"It may be thus assumed that rail bonds will again return to speculative favor once a more realistic perspective of coming events is restored. Their sheltered tax position and the exceptionally brilliant earnings which the carriers will continue to enjoy should exercise again their magnetic appeal."

Other favorable factors affecting these rail bonds are taken up in the study, which devotes considerable space to the outlook for these issues, and their market position. The study stresses, however, that the favorable factors in the situation cannot, completely outweigh the more permanent and fundamental trends which dominate the railroad industry. The railroads will continue to feel increasingly the relentless pressure of economic progress which makes it difficult for an old industry to rejuvenate itself sufficiently to meet with success the impact of more modern economic tools. Consequently, the study states, railroad bonds, from a speculative point of view, have probably exhausted their possibilities, with a movement back to common stocks already under way, and the full effects of war economy on equity values may now be visualized and, in many cases, fairly confidently computed; companies, whose equities manage to survive under present conditions, and offer good promise of post-war growth and development, will assert themselves as new speculative leaders.

"It would be a mark of ignorance and prejudice completely henceforth to relinquish all interest in railroad securities," the author continues. "Values stand at all times in direct relationship to prices. Within a basic downward trend a temporary or local oversold condition may easily arise. Actual price ideas should have more significance, therefore, than opinions expressed in too general terms. This is why estimated price ranges are submitted in the study." These ranges are given for several defaulted rail bond issues, which the author considers representative, and the method of arriving at the estimated range is set forth in detail in a note. An appendix provides keys to the computations of estimated ranges and net prices, and also contains tables of allocations of new securities under the respective Reorganization Plans, of amounts of authorized payments of back interest, presentation dates, etc.

Copies of the study may be obtained from White, Weld & Co. at a cost of $2 each.

St. Louis Men Receive Air Corps Commissions

ST. LOUIS, MO.—The following members of the Security Traders Club of St. Louis have been commissioned in the Army Air Corps:

Clyde Clark, formerly the manager of the St. Louis office of Blair & Co., has been commissioned as a Major and is now stationed at the Reception Center, Fort Logan, Colorado.

Tarleton Redden, President of Redden & Company, has been commissioned as a First Lieutenant and will be stationed at Miami Beach, Florida.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2293)

stupor and let the storm break about its head.

* * *

Today the average broker or dealer is paying for this unwillingness to fight unjust charges. His business has dwindled to the vanishing point. What the end will be I can't foresee. But I don't agree with pessimists that it will be bad. On the contrary I feel that Wall Street as an institution is now going through the worst days of its history but will come out of it stronger and better than it ever was before.

* * *

Meanwhile readers of this column remain committed to a group of stocks recommended here some weeks ago. So far none of these are acting worse than the market. The worst than can be said for them is that they are acting as well as the market. As long as they continue doing this my advice is to hold on.

* * *

The stocks you have are Air Reduction, stop 27¾; Allis-Chalmers, stop 21; International Harvester, stop 41½; Union Carbide, stop 62 and Western Union stop at 24.

* * *

The reasons for stops should be obvious. We are at war and news changes rapidly from day to day. I have no way of telling when a sudden bolt in the shape of bad news may or can hit the market. Therefore the stops.

* * *

More next Thursday.

* * *

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Home Purchase Loans In April At High Level

The largest amount loaned for home purchase in six months, and the largest percentage of total loans granted for this purpose in 12 years, constitute the report of savings, building and loan association lending operations for the month of April, made public on June 14 by the United States Savings and Loan League, Chicago. It is stated that out of a total April loan volume of $99,047,000, 52.7%, or $52,196,000, was advanced to help families buy existing properties. There has been a steady increase month by month in 1942 in the percentage of savings and loan advances directed to such purpose. The League's advices also state:

> While dropping to a new low for the year to date, construction loans still amounted to $20,488,000 in this month. This was 20.69% of the Associations' loan volume for the month and compares with 32.06% of dollar volume going into construction loans the previous April. Morton Bodfish, Executive Vice-President of the League, said that the lending of $1 out of every $5 for new home construction even in the month which saw the start of restrictions shows how large a part of the Associations' new construction lending the past year and a half must have been in the war industry areas.
>
> Total loans for all purposes in April showed a 13.3% increase over March, largely through the $11,000,000 increase in home purchase loans, Mr. Bodfish pointed out. In comparison with April, 1941, however, loan volume fell off 18%.

Industry Ass'n Opposes Curfew For N. Y. Stores

Opposition to proposed legislation to effect an 8 o'clock curfew for New York City stores was voiced in a report adopted on June 9 by the Board of Directors of the Commerce and Industry Association of New York, Inc. The report, which was signed by F. A. Burdett, Chairman of the Association's Committee on City Conditions and Local Laws stated:

> Your committee believes that, due to the fact that any such legislation would necessarily involve exceptions, such as drug stores, delicatessens and news stands, and further that, with human nature being the way it is, these stores would promptly adopt lines conflicting with the other neighborhood stores, such legislation would create confusion and dissension in the neighborhood retail stores.
>
> This Association has constantly gone on record against various kinds of restrictive legislation. In the present instance, it is likely that blackout or dimout restrictions will so affect the situation as to cause voluntary adjustments in many instances. This Committee believes that further legislation restricting retail stores should not be enacted unless a concerted demand comes from the stores affected themselves.

Our Reporter On "Governments"

(Continued from page 2291)

(3) The probability of a definite financing program worked out in cooperation with the major investors is increasing all the time. . . . Chances are we'll see several fundamental changes in the financing setup in the next few weeks. . . . We may get a serial issue of Governments plus a new form of tap offering plus a variety of short-term flotations. . . .

RESERVE CHANGES .

As predicted here for weeks, the Reserve Board is about to change the setup of the central reserve cities in order to distribute more evenly the available excess reserves in the country. . . . Bills have been introduced into Congress to permit the Board to modify the requirements of New York City and Chicago—while leaving the requirements of reserve city and country banks unaltered. . . .

Passage of the legislation may be taken for granted. . . . So may action by the Board shortly after its powers have been expanded. . . . And by changing the designation of the banks in the central reserve cities, the Board will in one stroke add more than $1,100,000,000 to the total of surplus funds of all member banks. . . . At the moment, total excess reserves are around $2,700,000,000, while New York City's reserves amount to about $565,000,000. . . . New York has only 20% of the total of the Nation's surplus reserves today. . . . A year ago, it held 42%. . . . Two years ago, it held more than 55%.

But redesignation of the central reserve cities as reserve cities would be only a stop-gap. . . . That's only the first move, according to authoritative sources. . . . By fall, we should see the initial step aimed at cutting requirements for the country as a whole in order to expand the national base. . . . It's possible that the first reduction will be large enough to maintain the structure for several months. . . .

And regardless of whether the reduction is managed piecemeal or in one great move, excess reserves will be expanded sufficiently during the 1943 fiscal year to support the open market borrowing program. . . . In figures, that may mean a $5,000,000,000 increase in the money base. . . .

INSIDE THE MARKET

Trading in Governments on the New York Stock Exchange has dwindled to a ridiculous amount. . . . Several sessions saw trades in only two or three loans. . . . During one recent session, no bonds changed hands. . . . Here is your barometer of trading in the over-the-counter mart. . . .

Discussions now going on in Washington and New York for the design of a "line" of Government bonds to be offered to wealthy individual buyers and institutions other than banks. . . . General idea is that Treasury must develop a real, well-integrated financing program soon if it is to raise $53,000,000,000 in the 1943 fiscal year. . . .

Removal of all limitations on purchases of Series F and G war bonds being recommended. . . . May go through toward end of year. . . .

Most criticism aimed against Treasury's policy of keeping silent on terms of monthly borrowings until just before actual sale. . . . This long accepted system of financing just doesn't seem sensible any longer. . . .

Another "tap" issue due in fall, dealers believe. . . .

UP-TOWN AFTER 3

NEW MOVIES

"Eagle Squadron" (Universal), with Robert Stack, Diana Barrymore, John Loder, Jon Hall, Nigel Bruce, Lief Erickson, Evelyn Ankers, Eddie Albert, and others. A Walter Wanger production, directed by Arthur Lubin. This is the story of the young American lads who joined up to fight with the RAF before October, 1940, and became known as the Eagle Squadron. In a touching tribute the opening shot show Quentin Reynolds introducing and describing the actual American boys who had joined up and who have since been killed in action, lost at sea, or are prisoners in Nazi Germany. After these shots the picture settles down to straight adventure as it describes the experiences of a group of Americans who join the Eagle Squadron for varying reasons. When the movie sticks to flying, fighting and Commando raids, it is an exciting picture. But when it starts to wander off into fields of romance it becomes just another Hollywood product where boy meets girl. Boy likes girl, etc., etc. The love interest in this case is furnished by Diana Barrymore (this is her first picture), a member of the WAAF, and young Chuck Brewer, one of the American fliers. In the first scene—an exciting one—the squadron raids Occupied France. Chuck's pal disobeys orders to keep formation and is shot down. Chuck is inconsolable and is angrily bitter because the British take their losses so calmly. Even the attempts of Miss Barrymore to sympathize are brushed aside by the angry Chuck. It isn't until later that he understands the philosophy that makes the British act as they do. Naturally any experienced movie-goer knows that the pair will come together before the end. But meanwhile the hot-headed Chuck runs afoul his Squadron Leader who doesn't like the budding romance between Miss Barrymore and the American. What all this has to do with the story is never explained satisfactorily. One of the most thrilling sequences has to do with a Commando raid in which the pilots join to bring back a new German plane that has been shooting RAF planes out of the sky. There is some symbolic stuff about a kitten that is supposed to be a good luck charm but never is. There is also one amusing scene. During an air raid over London a warden shouts down into a shelter asking if there are any expectant mothers there. One of the women pokes her head out and shouts back: "We hain't been 'ere long henough."

MOVIE IRONIES

In the old days when a movie studio and its stars couldn't see eye to eye the studio suspended the offending actor or actress until a pocketbook pinch brought the recalcitrant thespian to reason. But today there is radio to take up the slack. Take **Madeleine Carroll** for instance. She wanted to choose her leading man. Paramount said no and finally suspended her without publicizing the matter. So what does she do? She turns to radio and is now in New York getting $2,500 a broadcast appearing on **Charles Martin's CBS Playhouse** five times since arrving here from the Coast. Then **John Garfield** and Warner Brothers couldn't see eye to eye on roles. So Garfield also came to New York to "visit his mother." He, too, got radio offers and has since appeared for **Philip Morris, Eddie Cantor** and **Kate Smith** at fancy prices. **Paul Muni** also had differences. He came East, did a play, several radio shows at $5,000 each and now another studio has given him a contract. Then there are **Paul Stewart**, the Julio of "Johnny Eager," and **Everett Sloane**, the Bernstein of "Citizen Kane." They've tried Hollywood only to cool their heels. So now they're on the radio getting fat checks and although Hollywood has tried to get them back they're not listening.

AROUND THE TOWN

There are now two vegetable gardens in New York City. The Rockefeller's eye-filling display around the **Prometheus Outdoor Cafe** with the golden statue of Prometheus acting as a scarecrow. The other is the empty lot at **52nd St. and 6th Ave.** Among the empty bottles and rusty tin cans somebody has started tomato, corn and beans. . . . At the **Olney Inn** where you are encouraged to eat your Southern fried chicken with your fingers. **Maxene Andrews, of the Andrews Sisters**, tells a chorine who wouldn't take her advice about a certain boy friend: "Okay, sister, it's your life. Ruin it any way you see fit." . . . **Melvyn Douglas** eating lobster cacciatore at **Leone's** with a napkin tucked into his chin. . . . **Larue (45 E. 58th)** announces it will remain open for the summer. . . . **Don Loper** and **Maxine Barrat** write from New Orleans, where they are appearing at the **Hotel Roosevelt.** Seems they were supposed to get the keys to the city but metal priorities stepped in. So the dancers got a certificate instead—good for one key after the war. . . . And back here in New York **Jimmy Dwyer**, of the **Sawdust Trail**, is providing paper war maps to table side military strategists to use instead of marking up his tablecloths. . . . **Renee De Marco** at the **Barberry Room** having lunch with two deb friends who are enrolled in a technical school course to qualify them for a war job. "You know, Renee," said one, "we have to inspect things and check them down to a thousandth of an inch." "Yes," said the other deb, "isn't it wonderful? By the way, darling," she continued, turning to her companion, "how many thousandths in an inch?" "I don't know," was the answer, "there must be hundreds."

Cradock Knott & Co. Formed In Toronto

TORONTO, ONT., CANADA—Eric Cradock and John Knott have formed Cradock Knott & Co., with offices in the Canadian Pacific Railway Building, to act as dealers and brokers in oil royalty and mining issues. Mr. Cradock was formerly with F. W. MacDonald & Co. and H. B. Housser & Co. Mr. Knott was also with F. W. MacDonald & Co. and prior thereto with C. C. Cross & Co.

Declares United Nations Must Use Force To Insure Post War Peace Or Again Lose It

Five "self-evident truths" must be recognized and utilized in reorganizing the world when the war is over, it was asserted at New Orleans on June 9 by Dr. Fred C. Wiegman, President of Midland College, Fremont, Neb., in an address before the National Educational Conference of the American Institute of Banking. Dr. Wiegman declared that the peace which will follow a United Nations victory will be lost, as was that following the last war, unless the will of the United Nations for a permanent peace is enforced by the use of armed strength against aggressors. "Because this war, and the peace that will follow it, will fail as the other war and peace did, to achieve permanent stability unless certain truths are recognized and practiced, it is worth our effort to get them clearly into our minds," Dr. Wiegman asserted. In part, he added:

The first truth is that men have the right to life, the right not to be tortured, enslaved or killed. It applies to nations and individuals alike, to minorities as well as majorities.

The second truth is that men have a right to possess property and to be undisturbed in their possession, enjoyment and use. The Atlantic Charter, drawn up by Winston Churchill and President Roosevelt, recognizes this right by declaring for a free flow of goods and money among all the countries after the war.

The third truth is that the exchange of raw materials, foodstuffs, manufactured articles, and services is a world-wide right and not merely a national one. It cannot be confined within the boundaries of any one nation or group of nations. One nation cannot guarantee that right for itself at the expense of the others. No nation can belong to the "haves" and force the others to remain in the "have-nots." Wars are produced when nations attempt to practice the policy of imperial conquest and national monopoly.

The fourth truth is that the right of life and of possession must be defended by collective effort of all the nations. In other words, security is a collective ideal, not a national or an individual one.

The fifth truth is that the very threat of collective force will make its use unnecessary. The prospective aggressor will know that he cannot hope to attack successfully the combined forces of a peace-making world.

If Britain and America had said 23 years ago that they would do what they are now doing — namely, bring their armies to bear on the aggressor nations—they would never have had to do it; the world would not now be at war.

Or look at it from this angle. Twenty-three years ago we refused to promise to send our money to secure peace; now we are spending it by the billions for that very purpose. It would have cost us much less then. Twenty-three years ago we refused to imperil the lives of our boys by contracting to organize a world police force; now we are raising an army of 10,000,000 to do the very thing under compulsion which we might have done voluntarily with probably no loss of life at all. Twenty-three years ago we withdrew in isolated horror from the suggestion that we ally with Britain and other nations to enforce peace, now we are desperately allying with some of those very nations to do on a huge scale what we refused to do in a smaller degree then.

This time we are going to win again, as we did 23 years ago. The wretched tragedy of it is that we might have had this same victory then at a small, insignificant fraction of what it is costing us now. Twenty-three years ago we refused to give up our isolation; now it has been taken away from us. Then we might have had peace by the promise of force; now we must fight for it by the use of force.

Auto Tax Stamp On Sale

Commissioner of Internal Revenue Guy T. Helvering announced on June 7 that auto use tax stamps in the denomination of $5 would be placed on sale in all postoffices and offices of Collectors of Internal Revenue on June 10. The stamps will evidence payment of the tax for the fiscal year beginning July 1, 1942, and must be purchased on or before that date. The stamps will be serially numbered, will be gummed on the face, and will have provision on the back for entry of the make, model, serial number and State license number of the vehicle. The Treasury Department further said:

"The Commissioner said he had been advised by the Office of Price Administration that, in the issuance and use of gasoline rationing books an important identification will be the serial number printed on the use tax stamp. In those areas where gasoline is being rationed and in those areas where gasoline will be rationed, possession of the stamp evidencing payment of the use tax on motor vehicles will provide one of the necessary means of identifying the coupon books with the vehicle in the securing of gasoline.

"Mr. Helvering said that, to guard against loss or theft, it has been suggested that when affixing the stamps the vehicle owner should damped the windshield rather than the adhesive side of the stamp. This method has been recommended to keep the stamp intact upon the windshield. As an additional precaution, it has also been suggested that each motor vehicle owner should make a record of the serial number which appears on the use tax stamp in order that there may be some means of identification in connection with gasoline rationing in the event the stamp should become lost."

Reserve Bank Discounts

The Board of Governors of the Federal Reserve System, in its June "Bulletin," issued June 12, calls attention to the recent lowering of discount rates of the Federal Reserve Banks, as to which it has the following to say:

During March and April discount rates or loans to member banks secured by Government securities or by eligible paper were lowered at a number of Federal Reserve Banks to 1%, a level that is now uniform for all Reserve Banks. Rates on advances to non-member banks secured by Government direct obligations were similarly lowered to a uniform 1%. From September 1939 to Feb. 28, 1942, five of the Reserve Banks had in effect a rate of 1% on advances secured by Government obligations and a rate of 1½% on other eligible paper (under Sections 13 and 13a of the Federal Reserve Act). At five other Reserve Banks rates of 1½% had been in effect on both types of paper. The rate on advances to member banks secured by other types of acceptable assets (made under Section 10b of the Act) was lowered in March to 1½% by the Federal Reserve Bank of St. Louis. At other Reserve Banks this rate remains at 2%.

The most recent lowering of rediscount rates was reported in our April 23 issue, page 1627.

Four Months Security Offerings Ahead of 1941

The Securities and Exchange Commission announced on June 5 that new issues of securities offered for cash in April amounted to $708,000,000, approximately the same amount as was marketed in the preceding month, but that during the first four months of 1942 new offerings have aggregated $5,097,000,000, compared with $3,550,000,000 in the similar period of 1941. The survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues $100,000 and under in amount and, in the case of debt issues, of a maturity of less than one year.

The SEC announcement further explained:

"Although the Treasury sold $1,507,000,000 Certificates of Indebtedness during April, this flotation (as well as Treasury Bills and Tax Notes) is excluded from the statistics because of its short-term maturity. Sales of War Savings Bonds amounted to $531,000,000, being slightly below the March level. Corporate flotations rose moderately to $121,000,000, but were still well below the 1941 monthly average of $210,000,000. State and municipal security flotations increased nominally to $56,000,000.

"Security offerings of industrial companies rose to the highest point since January, 1941, amounting to $110,000,000. This increase was due to the offering of $110,000,000 American Tobacco Co. 20-year 3% debentures, due 1962, the largest piece of financing by an industrial company since the flotation in February, 1940, of three issues, totalling $105,000,000, by the Bethlehem Steel Corp. Isssues of public utility companies, on the other hand, declined to $11,000,000, the lowest amount since May, 1940.

"Estimated net proceeds raised from corporate flotations totaled $118,000,000, of which about three-fifths was for new money purposes. This included $55,000,000 for working capital (principally accounted for by the repayment of American Tobacco Co. bank loans incurred in the preceding year for inventory requirements), and $15,000,000 for additions to plant and equipment. Of the remaining $48,000,000 net proceeds, $36,000,000 was allocated to payment of other debt (chiefly the repayment of longer-term bank loans of the American Tobacco Co.) and $12,000,000 for repayment of funded debt."

Coffee, Tea Rationing Likely But Not Clothing

Rationing of coffee, tea and cocoa to consumers is likely this year, Joseph L. Weiner, Deputy Director of the War Production Board's division of civilian supply, stated on June 8, explaining that there is doubt whether the shipping situation would improve enough to increase imports.

Mr. Weiner also indicated that, while some of our eating habits may have to be revised, there is no danger that Americans will lack a sufficient supply of staple foods or vital elements in the diet. Among the food items not as freely available as they used to be are fish, pork and bananas.

Regarding the rationing of clothing, Mr. Weiner said this was not in prospect for this year, unless "panic buying" develops. The supply of shoes was said to be the most critical item in this respect.

As to transportation, Mr. Weiner asserted that only essential travel will be provided for and all other will be sharply curtailed.

Mr. Weiner indicated that the housing situation will have to be reexamined to make certain that all available space in so-called defense areas is being utilized.

"Tax Systems" Published

The ninth edition of "Tax Systems," a year book of legislative and statistical information including all the States of the United States and certain Canadian and foreign data, has been published by Commerce Clearing House, Inc., Chicago and New York. This weighty volume, in massive atlas form with 390 pages, 12x15 inches, was prepared under the sponsorship of the New York State Tax Commission for the Tax Research Foundation, and presents a comprehensive and informative collection of tax facts and data. The price of this book is $8.75.

Its chart and table summaries of taxation for local, State and national governments not only provide a panoramic view of taxation generally, but in addition gives unique "close-ups" of the tax system of each particular State. Over 200 detailed, large scale charts show at a glance the legal citation, title, basis, measure, rate, administration, return and due dates for all Federal and State taxes, together with a wealth of other pertinent factual information.

Especially valuable are the Federal and State tax collection data for six consecutive years, collected from tax officials in different governmental units. The basic figures are broken down to show the amounts collected by various units of government, the yields by taxes in actual amounts and percentages, and per capita collections.

Helpful comparative tax tables show just what is being done with respect to particular tax problems by all the States, as of Jan. 1, 1942. Every form of tax and its methods of administration are carefully listed for ready reference.

Arrangement of information (1) by States, and (2) by types of taxes makes this helpful volume particularly convenient for easy finding. Whatever information is needed, whether on the different types of taxes levied by a specific State, or on the number of States imposing a particular form of tax, the answer is immediately available in concise and understandable form. There is enlightening coverage too, of the Dominion of Canada and the nine Canadian Provinces.

Another timely feature is the inclusion of tax figures for "the other Americas." The latest available data on the tax revenues of 20 Latin American countries are carefully compiled to give an accurate general picture of the tax situation of our neighbors to the South.

This work offers a rich mine of tax information—serving double duty, as a source book and as a reference book.

Rationing Of Power In Plant Centers Probable

Rationing of power, at certain hours, in localities where war industrial leads are particularly heavy, was seen by C. W. Kellogg, President of the Edison Electric Institute, as a result of the necessary diversion of critical materials from work on generating capacity in process of manufacture to other more pressing war needs.

His forecast, made before the annual business meeting of the Institute held on June 10, coincided somewhat with an earlier statement by J. A. Krug, Chief of the War Production Board's power branch, that a sweeping Government order calling for rationing of electricity throughout the country is now being drafted.

"Accuracy in predicting this year's peak load," Mr. Kellogg declared, "is difficult because of uncertainty regarding the magnitude of the offsetting effect of discontinuance of civilian industrial activity and also on account of the amount of industrial plant construction that has to be abandoned due to the lack of materials. But, in general, experience to date would lead to the belief that the war effort will be buttressed by an adequate power supply.

"Comparisons between peak loads and generating capacity," he added, "often overlook the fact that the peak is the highest single hour in the 8760 hours in the year. During other hours the loads are substantially less. Curtailment of civilian service, when required, should, therefore, be of relatively short duration, and no war industry need be curtailed for lack of power."

Justice Murphy In Army

Associate Justice Frank Murphy on June 10 took a leave of absence from the U. S. Supreme Court and was sworn in as a Lieutenant-Colonel in the United States Army. Justice Murphy said he had obtained a four-month leave from the Court, which is now in Summer recess, and that his present plans are to return at the end of that period. The Justice, who took the oath in the office of Gen. George C. Marshall, expects to train at Fort Benning, Ga. Mr. Murphy has been a member of the Supreme Court since January, 1940. For a year prior to that time he was Attorney General and had also held the posts of Governor of Michigan and High Commissioner to the Philippines.

Urban Living Costs Rise

Living costs for wage earners and lower-salaried clerical workers rose from April to May in 41 of the 67 industrial cities surveyed each month by the Conference Board. In eight cities, the cost of living remained unchanged, while in eighteen, it declined from 0.1% to 0.6%. The cost of living in the United States as a whole rose only 0.2%.

The Board further reported:

The cost of living was higher this May than in May, 1941, in all the cities for which comparable figures are available. The largest increase was 16.4% in Syracuse, the smallest, 8.2% in Newark. In the United States as a whole the cost of living rose 11.3% from May, 1941, to May, 1942.

President Signs War Bill To Aid Small Business

The signing by President Roosevelt of the legislation setting up a Smaller War Plants Corporation in the War Production Board with $150,000,000 capital was made known on June 11.

The bill also gives WPB Chairman Donald M. Nelson, after consulting with the Attorney General, authority to approve war production programs without regard to the anti-trust and Federal Trade Commission laws. Mr. Nelson would have to certify that the companies acting collectively are aiding the war program.

The new $150,000,000 corporation would lend funds to convert small plants to war production.

Final Congressional action on this measure was noted in our June 11 issue, page 2216.

Put Off 18-19 Draft

President Roosevelt disclosed on June 9 that no immediate steps will be taken to draft 18 and 19 year old youths for military service. The President discussed the subject with Maj.-Gen. Lewis B. Hershey, Director of Selective Service on June 8, but no decision was reached as to asking Congress to lower the age for compulsory military service. These 3,000,000 youths, who will register on June 30, cannot be drafted into the armed services under the present law, which limits military service to those between 20 and 44 although requiring the registration of all men between 18 and 64 inclusive.

Reference to the order requiring the youths to register was made in these columns of May 28, page 2047.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, JUNE 25

HOTEL BARBIZON, INC.

Lawrence B. Elliman et al voting trustees filed a registration statement with the SEC for 5,305½ shares common stock of Hotel Barbizon, Inc.

Address — c/o Wolf, Block, Schorr & Solis-Cohen, Packard Building, Philadelphia, Pa. Corporation address 140 East 63rd St., New York City

To Extend Voting Trust Agreement—As the present voting trust agreement is to expire, July 24, 1942, the voting trustees feel that an opportunity should be given to the holders of voting trust certificates to extend the voting trust agreement. The proposed extension is for five years from July 24, 1942. Total number of shares of stock of Hotel Barbizon, Inc., outstanding is 5,305½, all common stock, which is the only stock of the company authorized or outstanding. The proposed extension agreement provides that it is to become effective only if the holders of voting trust certificates and of stock representing at least 33⅓% of the total outstanding stock of the corporation enter into the extension agreement, and even if so made effective, the voting trustees may cancel the extension agreement under certain conditions

Registration Statement No 2-5005. Form F-1. (6-6-42)

SATURDAY, JUNE 27

MILLER TOOL & MANUFACTURING CO.

Miller Tool & Manufacturing Co. filed a registration statement with the SEC for 198,013 shares of common stock, par value $1

Address—Detroit, Mich.

Business — Manufacturing and sale of auto service tools

Underwriting—Baker Simonds & Co.

Offering—Of total 52,238 shares will be offered by the company and 145,775 shares by certain stockholders. Offering price to the public will be $2 per share

Proceeds—Company will use proceeds from sale of stock for working capital

Registration Statement No. 2-5007. Form S-2. (6-8-42)

WESTERN INVESTORS FUND, INC. (Washington)

Western Investors Fund, Inc. (Washington) filed a registration statement with SEC for an aggregate of $1,200,000 "Series E" certificates. Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500, $18,000, and multiples of $18,000. Statement says it is impossible to state the exact number of each that will be issued

Address—Central Building, Seattle, Wash.

Business—Investment company

Underwriting—Western Investors Fund, Inc., sponsor

Offering—Provides for periodic payments to the sponsor at the rate of $10, $25, $50, $100, or larger amounts in multiples of $100, at regular intervals over a period of approximately 15 years, or until the maximum payment called for by the plan has been paid

Proceeds—For investment

Registration Statement No. 2-5006. Form C-1. (6-8-42)

SUNDAY, JUNE 28

G. C. MURPHY CO.

G. C. Murphy Co. filed a registration statement with SEC for 90,000 shares of cumulative preferred stock, par $100 per share. The dividend rate will be supplied by amendment

Address—531 Fifth Avenue, McKeesport, Pa.

Business—The company operates a chain of 207 retail stores in 12 states and the District of Columbia, selling a wide variety of merchandise for cash and at unit prices ranging principally from 5 cents to $5, although a limited number of articles are sold at prices in excess of $5

Underwriting — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter. Names of other underwriters and the amounts they will purchase will be furnished by amendment

Offering—Company is offering to the holders of its outstanding 5% cumulative preferred stock, on a share for share basis, a total of 40,000 shares of the new preferred stock. The underwriters will purchase 50,000 shares of the proposed new preferred plus the shares not subscribed for by present preferred stockholders. Offering price to the public will be supplied by amendment

Proceeds—Net proceeds will be used to provide for redemption as of Oct. 2, 1942, of all the outstanding 5% cumulative preferred stock of the company at $105 per share plus accrued dividends which will require approximately $4,250,000 and the balance of such net proceeds will be used to increase the working capital of the company which will be applied approximately as follows: $2,000,000 to increase inventories, approximately $400,000 for additions and improvements to property and equipment, and the remainder of such addition to the working capital of the company to increase cash. The redemption of the 5% cumulative preferred will be accomplished substantially concurrently with the issue of the new preferred stock

Registration Statement No. 2-5008. Form A-2. (6-9-42)

MONDAY, JUNE 29

WESTERN INVESTORS FUND (OREGON)

Western Investors Fund (Oregon) filed a registration statement with SEC for investment certificates "Series E" of an aggregate offering price of $900,000

Address—Pacific Building, Portland, Ore.

Business—Sale of investment contracts on periodic payment plan

Underwriting—Western Investors Fund is the sponsor

Offering—Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500 and $18,000, and multiples thereof. Statement says it is impossible to state the exact number of each that will be issued

Proceeds—For investment

Registration Statement No. 2-5009. Form C-1. (6-10-42)

CHAS. PFIZER & CO., INC.

Chas. Pfizer & Co., Inc. filed a registration statement with the SEC for 240,000 shares of common stock, $1 par value

Address—81 Maiden Lane, New York, N. Y.

Business—The company is a leading producer of fine organic chemicals. Its research in fermentation chemistry has resulted in the development of exclusive processes for the manufacture of organic acids of increasing importance to industry

Underwriting—F. Eberstadt & Co., New York, is the principal underwriter. The names of other underwriters will be supplied by amendment. The underwriters have entered into an agreement with the company to purchase, for public offering, an aggregate of 240,000 shares of unissued common stock at $22.25 per share

Offering—The public offering price will be supplied by amendment

Proceeds—The net proceeds (estimated at $5,295,500) from the sale of the stock, after deducting expenses estimated at $44,500, will be added to general funds for use approximately as follows: retirement of all bank debt $1,600,000; retirement of all preferred stock $776,160; purchase, at approximate book value, and retirement of 131,040 shares of common stock, $1 par value, of the company held by the estate of Emil Pfizer $1,916,930, and for additional working capital $1,002,930

Registration Statement No. 2-5010. Form A-2. (6-10-42)

WEDNESDAY, JULY 1

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with SEC for Investment Trust-Full Certificates of Participation to be known as Keystone Custodian Fund, Series "S-1," of an aggregate offering price of $199,100

Address — 50 Congress Street, Boston, Mass.

Business—Investment Trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says aggregate offering price is based on 10,000 shares at $19.91 per share as of May 29, 1942.

Proceeds—For investment

Registration Statement No. 2-5011. Form C-1. (6-12-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc. filed a registration statement with SEC for Investment Trust-Full certificates of participation to be known as Keystone Custodian Fund, Series "S-3," of an aggregate offering price of $443,400

Address — 50 Congress Street, Boston, Mass.

Business—Investment trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says the $443,400 aggregate offering price is based on 60,000 shares at $7.39 per share as of May 29, 1942

Proceeds—For investment

Registration Statement No. 2-5012. Form C-1. (6-12-42)

SATURDAY, JULY 4

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

103RD ST. & WEST END AVE., INC.

Edward J. Crawford et al, voting trustees filed a registration statement with the SEC for voting trust certificates for 10,748 shares of capital stock par $1 per share of 103rd St. & West End Ave., Inc.

Address—Address of voting trustees care Walter McMeekan, 18 East 48th Street, New York City

Business—Apartment building

Offering — Voting trustees recommend that the voting trust agreement dated June 20, 1932, and expiring June 19, 1942, be extended for five years to June 19, 1947.

Registration Statement No. 2-5014. Form F-1. (6-15-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10. 1941, 9,000 shares at $54.25 per share

Amendment filed May 29, 1942, to defer effective date

Withdrawal request filed June 6, 1942

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed June 13, 1942, to defer effective date

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed June 11, 1942, to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Amendment filed June 11, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 22, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

Registration effective 1 p.m., ESWT on June 6, 1942

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed May 29, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed June 4, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 3, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 23, 1942, to defer effective date

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 70,000 Series "K-1" full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Investment trust of fixed or restricted management type

Offering—Aggregate offering price is $893,200 based on 70,000 shares at $12.76 per share as of May 12, 1942

Proceeds—For investment

Registration Statement No. 2-5001. Form C-1. (5-27-42)

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Amendment filed May 25, 1942, to defer effective date

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Underwriting—E. H. Rollins & Sons, Inc., and Pistell Wright & Co., Ltd., are principal underwriters. Other underwriters are to be named by amendment

Offering—The offering price will be furnished by amendment

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

Amendment filed June 13, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed June 10, 1942, to defer effective date

Withdrawal request filed June 8, 1942

RAND'S, PITTSBURGH

Rand's filed a registration statement with the SEC for $500,000 6% sinking fund debentures, due May 1, 1957

Address—225 Ross St., Pittsburgh, Pa.

Business—Company is at present time engaged in the operation of a chain of 23 retail drug stores (including one operated by the company's wholly owned subsidiary), ten of which are located in Pittsburgh, Pa., and suburbs. The other 13 stores are located in Pennsylvania, West Virginia, Ohio and Maryland

Offering—If approved by stockholders at special meeting to be held July 17, 1942, company proposes to offer to holders of its 8% cumulative preferred stock the privilege to exchange their shares for the 6% debentures on the basis of $50 of debentures for each 10 shares of 8% cumulative preferred stock ($5 par). Such offer will expire at the close of business on August 17, 1942. Stockholders accepting such offer will be entitled to receive interest on the debentures received in exchange from May 1, 1942

Underwriting—Company has entered into an agreement with Floyd D. Cerf Co., Chicago, Ill., principal underwriter, to supervise and handle the exchange offer to the approximate principal amount of $350,000; and to sell for the account of the company, at 100 plus accrued interest from May 1, 1942, an additional $150,000 of the debentures, together with any debentures not taken by the holders of the 8% cumulative preferred stock in exchange for their shares. There is no firm commitment to purchase any of the debentures. Grubbs, Scott & Co., Pittsburgh, Pa., is co-underwriter

Proceeds—The gross proceeds to be received by the company from the sale of the $150,000 debentures will be applied to the payment of an equal amount of current indebtedness

Registration Statement No. 2-5004. Form A-2. (5-29-42)

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed June 12, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed June 9, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed June 1, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed May 29, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed June 10, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

N. A. S. D. Seeks To Drive All Small Securities Houses Out Of Business

(Continued from first page)

you, or $2,000, or $1,000), that he would be barred from being a member of this association, which is almost tantamount to his being denied the right either to establish a business or continue to make his livelihood in the securties field.

Now as to the larger firm, let us point out that many smaller firms and individual dealers act as feeders for their trading departments. They bring in business indirectly by creating interest in securities as they travel into the highways and call on their retail clientele. Many of them clear through larger firms and when underwritings and new issues come along they sell them for the larger firms. Many a larger firm knows of INDIVIDUAL DEALERS THAT ARE NOT ONLY OF UNQUESTIONED INTEGRITY, BUT WHO ARE ALSO A CREDIT TO THE BUSINESS, WHO WOULD BE PRACTICALLY FORCED OUT OF BUSINESS BY THE ADOPTION OF THIS AMENDMENT (ARTICLE 1, SECTION 1). REMEMBER THE SIZE OF A MAN'S BANK ACCOUNT HAS NOTHING TO DO WITH HIS HONESTY AND INTEGRITY. SOMETIMES THE MOST UNSCRUPULOUS ACTS HAVE BEEN COMMITTED BY THOSE WHOSE CAPITAL HAS BEEN THE LARGEST, WHEREAS MANY A SMALL FIRM GOES ON FOR YEARS AND ONLY STAYS SMALL BECAUSE OF ITS FINE CHARACTER AND INNATE INTEGRITY. CALL THIS WHAT YOU WILL, BUT REMEMBER THAT ONCE WE PUT A LIMIT ON THE AMOUNT OF A MAN'S CAPITAL IN THE INVESTMENT BUSINESS, WE ENDORSE THE SAME PROCEDURE FOR ALL OTHER BUSINESSES. THIS WE HAVE NEVER YET DONE IN THESE UNITED STATES OF AMERICA.

Many of these firms have obligations that must be satisfied despite the fact that their income will be cut off. Leases on office space have been made, contracts have been entered into with Statistical Services, insurance has been provided, etc., etc. And don't forget this, when you vote your ballot, IF EVEN ONE SINGLE, HONEST, DECENT, AMERICAN CITIZEN IS BARRED FROM MEMBERSHIP IN THE N.A.S.D. AND THEREBY HAS TO GIVE UP AND QUIT BUSINESS AS A RESULT OF THIS VOTE—AN IRREPARABLE INJUSTICE WILL HAVE BEEN DONE. THERE ARE NOT A FEW BUT MANY SUCH DEALERS. CHARACTER, JUDGMENT AND INTEGRITY CANNOT BE LEGISLATED—YOU EITHER HAVE IT OR YOU DO NOT! AND WHETHER OR NOT YOU HAVE $2,500 OR $25,000 OR $25,000,000 IS NO PROOF OF YOUR RIGHT OR ABILITY TO CONDUCT AN HONEST, FAIR AND, ABOVE ALL, ETHICAL BUSINESS WITH THE INVESTING PUBLIC.

So in conclusion, we urge all members of the N.A.S.D. to vote against Article 1, Section 1, which would require mandatory minimum capital requirements as a requisite for membership in the Association.

Unemployment Halved In April Board Finds

Broad expansion in employment in agriculture and industry during April cut unemployment almost in half as compared with the previous month, according to The Conference Board. The Board estimates that 1,750,000 were without jobs in April as compared with about 3,500,000 in March. The April figure, says the Board, is the lowest for the past six months. Unemployment in April was 3,000,000 lower than a year ago, and more than 7,000,000 lower than in the corresponding month in 1940. It adds that the total number of persons employed, including the armed services, rose from 51,639,000 in March to 53,376,000 in April, as compared with 49,881,000 in April of last year and 45,148,000 in the same month of 1940. WPA, CCC and NYA, according to the Board, reported 1,150,000 on their payrolls in April.

The Board expects further sharp expansion in the months to come. In its analysis of the existing situation and of the outlook, it says:

Further expansion of war industries and food production, together with a more rapid rate of induction into the armed forces, will rapidly raise the number of persons employed to a total larger than the number of persons ordinarily composing the nation's labor force. In agriculture alone about two million more men, women and children should be added to the 10,100,000 employed in April as maximum operations are approached. At peak operations in 1940 over 12,000,000 were at work on farms, while farm employment last year reached a peak of 11,800,000 in June. Although the potential labor force is admittedly larger than the number in the labor market in peacetime, the demands of the armed forces, agriculture, and war industries have already created serious shortages regionally which will become more acute in the months immediately ahead.

The Board's announcement further states:

April advances in industrial employment were especially marked in construction and in manufacturing. Government financed construction projects reported a 15% increase in the number on payrolls over March and helped to swell the industry's total to 2,600,000, its highest level of employment since last November. Continued accessions by the heavy war industries were more than sufficient to offset conversion lay-offs in plants normally producing consumers' durable goods. The net gain in manufacturing employment during April was about 70,000. In all, almost 14,000,000 were engaged in manufacturing as against 12,700,000 in April, 1941, and 10,900,000 in April, 1940.

Employment in wholesale and retail trade suffered severely from the restricted distribution of rationed or curtailed commodities. In contrast to its normal upturn in April, the number employed in trade, distribution and finance fell off by 56,000 during the month.

Farm employment moved slightly above its 1941 level in April, for the first time this year. Most of the spring pickup in agricultural employment, however, represented greater use of available family labor rather than the addition of hired workers.

The number engaged on WPA and other forms of emergency employment continues to decline. It totaled 1,151,000, or about half the number reported a year ago.

The recession of priorities unemployment and the rising tide of agricultural and industrial personnel requirements are evident in the lower level of unemployment insurance benefits in April and in increased placement activities by the United States Employment Service. Benefits paid in April were fully 15% less than in March, while industrial and farm placements were almost 20% greater. Benefits dropped in all but six States. The decrease in benefit payments in Michigan was the first since last November. The exceptions, other than New York, are said by Administrator McNutt to be the result of large numbers of new-benefit-year claims filed in March and April.

Fletcher Joint Stock Land Bank Bonds Called

Directors of the Fletcher Joint Stock Land Bank of Indianapolis have called for redemption, as of July 1, $500,000 in 1¼% bonds dated July 1, 1940, due July 1, 1944 and callable July 1, 1942, according to announcement made July 10 by William B. Schiltges, President of the joint stock bank. The $500,000, it is announced, represents the entire issue of bonds of the bank in that series. The bonds are payable at par upon presentation at the Guaranty Trust Co. of New York, the City National Bank and Trust Co. of Chicago, and Fletcher Trust Co., Indianapolis. The latter states that this latest call for payment of obligations of the Joint Stock Bank represents another step in the closing of the business of that institution. The Fletcher Trust Co. announcement also says:

Federal law of some years ago provided for the gradual liquidation of all joint stock land banks in the country.

Following retirement of the $500,000 in bonds July 1, the Fletcher Joint Stock Land Bank will have outstanding a total of $3,212,000 in remaining bonds.

At the peak of the bank's business it had a total of loans on farm lands in central Indiana amounting to $16,235,599 and during this same period it had total bonds outstanding of $14,730,000.

Defaulted Rails Interesting

B. S. Lichtenstein & Co., 99 Wall Street, New York City, have prepared for distribution a discussion entitled "The Case for a Non-Reorganization Defaulted Rail Bond." Copies of this interesting discussion may be had upon request from the firm.

Burr-Gannett Merging With Tucker-Anthony

Consolidation of two of Boston's oldest investment banking and brokerage firms is expected to take place on July 1, when it is planned to merge the office of Burr, Gannett & Co. with the Boston office of Tucker, Anthony & Co. The new partnership will take the name of Tucker, Anthony & Co., and it is understood that the contact personnel of both present firms will become associated with the new firm.

Burr, Gannett & Co. was established in Boston in 1866 by Francis A. Peters and John Parkinson. Later the name was changed from Peters & Parkinson to Parkinson & Burr, and subsequently to the present name. Association with the Boston Stock Exchange dates back to March 21, 1866, when Mr. Parkinson became a member. Later the firm joined the New York Stock Exchange. In addition to serving as brokers for the purchase and sale of listed securities, it entered the investment banking field and became prominent in the underwriting and distribution of securities.

Tucker, Anthony & Co. was founded by William A. Tucker and S. Reed Anthony in May, 1892, when the firm opened its first office on State Street, Boston, to engage in a general brokerage business as members of the Boston Stock Exchange. Nine years later the firm became a member of the New York Stock Exchange and opened its New York office.

The firm early became identified with public utility and industrial financing and entered the investment banking field. For many years, Tucker, Anthony & Co. has been prominent in the underwriting and distribution of public utility, industrial and municipal bonds while maintaining and enlarging its original business as commission brokers.

In addition to Boston and New York, Tucker, Anthony & Co. has offices in New Bedford, Mass., and Rochester, New York. Burr, Gannett & Co. has no branch offices.

Canadian Oilfields

An interesting leaflet, "Canada's Rich Oilfelds in Turner Valley, Alberta," describing some recent developments in this area and explaining fully the investment characteristics of oil royalties, has been prepared for distribution by Clifton C. Cross & Co. (Quebec) Limited, Aldred Building, Montreal, Que., Canada. Copies of this leaflet will be sent by the firm upon request.

Schram Anticipates Capital Markets Revival Earlier Than Many Expect

Speaking at the dinner given by the Philadelphia Stock Exchange in Philadelphia in honor of the Governors of the Association of Stock Exchange Firms, Emil Schram, President of the New York Stock Exchange declared his confidence in the revival of our private capital markets sooner than many people expect.

"Our industry," said Mr. Schram, "is passing through a very difficult period. But I am proud to say that our people are meeting the very trying present-day conditions with admirable fortitude and with a spirit of hopefulness. This is the result, I think, of our recognition of the fact that ours is an essentially useful business, that it is indispensible to our economy. In this respect we were encouraged tremendously on the occasion of the 150th Anniversary of the New York Stock Exchange by an inspiring message from the President of the United States. In extending his good wishes to us, he said, I quote: 'The continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow. You have an opportunity for great service, and I am confident that in this you will not fail.' This was emphatic, unequivocal recognition by President Roosevelt of the necessary character of our business, in a war-time economy as well as in times of peace. The tribute applies, as it was intended, to all of our organized Exchanges, including, of course, our host, the Philadelphia Stock Exchange, whose life extends even farther back than that of the New York Stock Exchange. The members of the Securities and Exchange Commission, I am sure, will endorse the statement that all of our organized exchanges are their most faithful allies in the enforcement of the securities laws.

"Let us not forget that our industry is a vital unit in the American system of free enterprise. Our security markets, as much so as any of our institutions, contribute vitally to the successful functioning of this system. Thus, we have a patriotic obligation in seeing to it that these markets are kept efficient, alert, ready for any demands that may be made upon them. Let me say here that I have every confidence that in performing this duty we will have the constructive cooperation and the sympathetic help of the Securities and Exchange Commission. I say, without hesitation, that during my first year as President of the New York Stock Exchange I have had that kind of cooperation from the Commission. I would like, in this conection to bespeak a continuation, on the part of my community, of the spirit of fair-mindedness and of understanding so notably manifested here in Philadelphia in respect to the Commission's complicated and difficult tasks.

"That we can, with the friendly help of the Commission and its very able staff, weather the storm through which our industry is passing, I have not the slightest doubt. It is necessary that we weather the storm, keeping constantly in mind the fact that we are engaged in a useful public service. The test of our public spirit, and indeed of our courage, will be our performance and our attitude in these stressful times. Moreover, the extent to which we believe in the social and economic values which we represent will be measured by the intelligence, the hardihood and the determination which we apply to our problems as we prepare for the inevitable revival of our private capital markets.

"My confidence that we will witness such a revival, and probably earlier than many of us expect, is shared, I find, by a great many thoughtful people all over the country. I notice, in Washington perhaps more so than in Wall Street, a growing conviction that our industrial system, of which our free markets form an integral part, will emerge from this war not only with enlarged capacity and greater proficiency, but commanding the nation's respect and gratitude, prepared to release new forces of progress. Our enterprise system will require our capital markets, more so than ever before, in the great work of reconstruction and transformation. We in this business have every reason to look forward with hope and confidence."

James F. Burns, Jr., President of the Association of Stock Exchange Firms, and Edward Hopkinson, Jr., Chairman of the Eastern Pennsylvania Group of the Investment Bankers Association were also speakers.

The governors discussed and approved methods suggested for aiding the Government in its victory drive to sell war bonds, and also urged government insurance to cover loss of securities through bombings and a uniform stock transfer law.

Archie M. Reid, Carlisle, Jacquelin & Co., New York City, Richard P. Dunn, Auchincloss, Parker & Redpath, Washington, D. C., and Albert P. Everts, Paine, Webber & Co., Boston, Mass., were elected governors of the Association to fill vacancies on the board.

The Association will hold its next meeting in St. Paul on Sept. 14 and 15.

The Bond Selector

(Continued from page 2292)

In June, 1941, a dollar debt readjustment plan went into effect. Through provisions of this plan new 3% bonds due 1970 were issued for old 6s as follows:

(1) Holders of the old 6s due 1961 would receive an equal principal amount of new 3s upon turning in their 6s with appurtenant coupons attached;

(2) New 3% bonds (or certificates exchangeable therefor) would be issued in a principal amount equal to 50% of the face amount of the coupons in arrears on the old 6s which matured July 1, 1935 through July 1, 1939 in the case of the 1927 bonds, and those maturing April 1, 1935 through Oct. 1, 1939 in the case of the 1928 bonds;

(3) Holders of the 1927 bonds (due Jan. 1, 1961) in addition are entitled to cash payment in an amount equal to interest on such 1927 bonds at the rate of 3% per annum from July 1, 1940 to Oct. 1, 1940, or $7.50 per $1,000 bond.

In accordance with the foregoing, holders of January 6s, 1961, received $1,135 par value of new 3s, 1970, for each $1,000 of old bonds held plus $7.50 in cash. Holders of the October 6s, 1961, received $1,150 par value of new 3s, 1970, for each $1,000 of old bonds. This exchange offer remains open for holders of either issue of 6s until Oct. 1, 1943, and exchange can be made through the National City Bank. No exchange offer was made on the relatively small issue of 4% funding certificates due 1946.

Theoretically, this arrangement means a reduction in the rate of interest from 6% to 3%. In actuality, however, holders of the new 3s, 1970, will be better off if they receive their 3% regularly since interest on the old 6s was paid sometimes in cash, sometimes in scrip, at one time in 4% funding certificates, at other times at half the coupon rate and since 1935 not at all. Colombia had a good debt record up to 1932 and the least that can be said is that since then she has done the very best possible to service the external debt under very trying circumstances. It is felt that the future prospects for continuation of interest—and collaterally — the stability of Colombia's finances are good. The issues of dollar external debt follow:

	1942 Range High	1942 Range Low	Recent Sale Price
3s due Oct. 1, 1970	37¼	29½	36⅞
6s due Jan. 1, 1961	48	37¾	48
6s due Oct. 1, 1961	48	39¾	47⅞
Funding 4s, Jan. 1, '46	*89½	84	*88 Bid

*Percent of par.

Fleek Of IBA Urges War Bond Purchases To Finance Victory, Preserve National Economy

John S. Fleek, President of the Investment Bankers Association of America, addressing the credit men of the nation yesterday (June 17) at the annual convention of the National Retail Credit Association, at New Orleans, called upon "every man, woman and child to make every sacrifice" to buy government bonds "not only to bring victory to our armed forces, but also to mobilize completely the national credit by lending their savings and surplus income to the U. S. Treasury."

Mr. Fleek, who is a partner of the investment securities firm of Hayden, Miller & Co. of Cleveland, praised the efforts of the Treasury in attempting to avoid dangerously inflationary means of raising the huge sums needed for war. He told of the recent formation under Secretary Morgenthau's direction of the "Victory Fund Committees" in each Federal Reserve District to organize the specialized professional experience of the commercial and investment bankers on behalf of the government.

These, he said, are in addition to and supplement the efforts of the War Savings Staff in mobilizing the resources of the people for war purposes. They are to work under the Presidents of the twelve Federal Reserve Banks who are in turn organized as the national Victory Fund Committee, of which Secretary Morgenthau himself is Chairman and Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, is liaison officer between the Treasury and the Reserve Banks. Mr. Fleek also said:

"The task before us, is to finance victory so as to provide the fighting tools for our Army and Navy and at the same time safeguard our national economic stability both now and for the post-war period.

"The participation of every man, woman and child, to the extent of their ability not only will provide the wherewithal for warfare but also will act as a brake on the forces of inflation."

Holt & Collins Formed; S. F. Exchange Firm

SAN FRANCISCO, CALIF.—Edison A. Holt and Daniel J. Collins have formed Holt & Collins, members of the San Francisco Stock Exchange, with offices in the Russ Building, to engage in general brokerage and investment business. Mr. Holt was formerly a partner in Holt & Ede. Mr. Collins was a partner in Collins & Ede.

Tobacco Co. Attractive

The Secured 5s, due Dec. 1, 1944, of the Cuban Tobacco Company, Inc., are particularly attractive at this time, according to a recent memorandum issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. 60% of the bonds of Cuban Tobacco Co. are held by American Cigarette and Cigar Co., which is a subsidiary of American Tobacco Co., and holders of the remaining 40% need feel little concern regarding their being satisfactorily taken care of at maturity, according to G. A. Saxton & Co. The company has a heavy inventory of tobacco, a readily salable commodity, and manufacture of the company's products is conducted in the United States for American consmption, thereby reducing duties, enabling them to sell cigars in this market at almost half their previous prices; manufacturing is conducted in Cuba for Cuban and South American consumption. Included in the memorandum is a discussion of the annual reports of the American Cigarette & Cigar Co. for 1940 and 1941, and their bearing on the redemption of the Secured 5s of Cuban Tobacco Co.

Copies of this interesting memorandum are available from G. A. Saxton & Co. upon request.

Fuller Joins Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Jo L. Fuller has become associated with Dean Witter & Co., 45 Montgomery Street, members of the New York Stock Exchange and other leading national exchanges. Mr. Fuller was formerly with Franklin Wulff & Co. and Heller, Bruce & Co. In the past he was manager of the municipal department for Wm. Cavalier & Co.

W. M. Bishop Representing R. H. Johnson In Syracuse

SYRACUSE, N. Y.—Wesley M. Bishop is now connected with R. H. Johnson & Co., 64 Wall Street, New York City, as representative in Syracuse. Mr. Bishop formerly conducted his own securities business under the name of W. M. Bishop & Co.

Final Edition THURSDAY In 2 Sections – Section 2

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Conference Board Finds British Government Assumes Risks Left For Business In U. S.

In Great Britain the government virtually assumes both wartime and postwar risks up to the amount of excess-profits taxes paid, while in the United States this risk is borne almost exclusively by business, according to a study prepared by the Conference Board, New York, which adds that both present British taxes on excess profits and prospective United States taxes on excess profits almost eliminate the profit motive as a basis for increased production.

"In any private enterprise system," the Board says in the course of an analysis of British and American taxes on income, "profits serve as incentives to increased production, while risks act as restrictive influences. During a war period, it is probable that the profit motive is displaced to a considerable degree by concern for the successful outcome of the war, although for many enterprises it is doubtful whether the profit motive is ever absent. While this incentive is regularly given consideration in the formulation of tax policies, it is unfortunately true that American tax legislation, and proposals that are now being seriously considered, have given scant attention to the restrictive effects of risks.

The Board goes on to say:

The probability of postwar losses that will not be shared by the government is so potent in restricting production in many cases that the amount of wartime profit incentive that is even remotely possible can have little influence upon management. The British tax system takes care of this point, while the American system does not.

Excess profits do not have the time limitations in Great Britain that they do in the United States. Excess profits exist only if average profits over the entire war and postwar period, after deduction of losses, exceed the annual rate of the standard period. Errors in wartime accounting, and losses from postwar adjustments, are chargeable against war profits when they become evident; and refunds are made upon the basis of such errors and losses. Risk is thereby minimized. Invest-

(Continued on page 2311)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

The long, long way to Tipperary, or whatever you want to call the long struggle of Aviation versus Battleship proponents in the U. S. Navy has been definitely settled in the place where it is most important that it should be settled—in the U. S. Navy. The Aviation enthusiasts have won. We are told by as grizzled an old salt as ever mounted the bridge that this is so.

The battles of the Coral Sea and Midway have convinced him; according to him, it has convinced everybody else in the high command. From now on, our emphasis will be on the building of carriers and ships, without going into details, that lend themselves to the new type of warfare. We have projected 17 battleships. Only those will be completed which have already been launched.

Billy Mitchell is probably rollicking in his grave. But that isn't important. It is difficult to see that the Army could have done anything more than it did at the time—first reduce him in rank and then courtmartial him. The courtmartial was a headline hunting thing on Mitchell's part. At that time Congressman Frank R. Reid of Illinois, a master headline catcher, was prominent in the defense. One thing he did was to pass around the word that the then President, Calvin Coolidge, was to be subpoenaed. Mitchell, after all, didn't want a trial. He had a message to sell. A thing just as important as aviation now is, was discipline. Mitchell paid the price for his admittedly undisciplinary tactics.

Everything seems now to have worked out all right.

Of all the intriguing phases of Mr. Elmer Davis' new job is that of what he intends to do about Lowell Mellett's Office of Government Reports. The executive order setting up the new coordinator to coordinate the other coordinators provides that he is to consolidate the OGR into his agency.

This is going to be most fascinating to watch. There has perhaps been more misunderstanding about the work and purpose of

(Continued on page 2314)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

GENERAL CONTENTS

Editor's Note—Various other reports and news items, not covered in this index, appear in Section 1 of this issue, as explained in the notice given on this page.

Regular Features

State of Trade

Miscellaneous

THE FINANCIAL SITUATION

A Rip Van Winkle waking from a sleep of not twenty but only one year would certainly find it difficult to credit what his eyes beheld as he read the news of the past week. The Soviet Union which virtually all nations of the earth had disliked and distrusted for twenty years; the Soviet Union with whom virtually all of them for so long hesitated to enter normal relations; the Soviet Union which only two or three years ago was daily berated as an ally of Mr. Hitler, the German monster, and as the despoiler of the Baltic States; the Soviet Union which only a few short years ago mystified and horrified the world with its blood purges—that same Soviet Union now made party to a formal treaty with the British Empire and an agreement with the United States which in effect give it the status of a copartner with both of the latter countries in rehabilitating, reforming and even remaking the world after the present war is over! Yes, that same Soviet Union now greeted with confidence, with respect and almost with deference by the British Empire and the United States of America. All this, dire circumstances and Comrade Stalin with his fighting have wrought almost over night!

Recognition Fully Won

But this is hardly a time for philosophical musings or for wasting time staring in amazement. Of all the powers to feel the German might, only the once despised Russian army has shown ability to return blow for blow. The wholly unexpected strength of the Russian army has given Great Britain time to prepare really to defend herself, and Russia still stands as the most important single element in the hopes of the United Nations. She is due full credit for it all, and enlightened self-interest demands that all that may be should be done to keep her in the field and, if possible, to enable her to break the might of the German military machine. She has amply won a place, a respected place, among the great powers.

It would be as unthinkable to undertake to deny her a part, an influential part, in peace making as it would be stupid not to cooperate fully with her as an important,

(Continued on page 2307)

"A Pattern For Peace"

The lend-lease program has already become a prime mechanism in the combined efforts the United Nations are making to win the war. The program of lend-lease agreements is also emerging as a factor in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction.

The agreement with Great Britain was signed on Feb. 23, 1942. On June 2, 1942, an agreement was made with the Republic of China embodying the same terms. On June 11, 1942, a similar agreement was signed with the Union of Soviet Socialist Republics. The provisions of these agreements are now being offered to our other allies receiving lend-lease assistance. * * *

Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction.—The President of the United States.

Is this "pattern for peace" to be fashioned by New Deal dreamers and Russian planners with the New Deal and Russian communism as models?

Will the British Government permit itself to be made a party to such schemes?

The American people would do well to take notice!

The State Of Trade

Business activity ruled moderately higher compared with the preceding holiday week, with most industrial quarters showing the usual heavy gains over last year's figures. Carloadings showed a gain of 58,933 cars in the week of June 6, compared with the preceding week of this year. Electric power production was up 9.6% over the corresponding week last year.

Steel production in the United States is scheduled this week at 98.3% of capacity, off 1 point from last week, and comparing with 99.2% a month ago. At this week's rate, production of 1,669,700 net tons of ingots is indicated, compared with 1,686,700 tons last week, 1,685,000 tons a month ago and 1,597,800 tons for the second week of June last year.

Engineering contracts awarded in the week ended June 6, totaled $379,458,000, the second highest weekly volume ever reported by "Engineering News-Record." The amount was 38% more than the preceding week's figures and 171% better than a year ago.

War construction now is proceeding at a rate of about $12,500,000,000 a year, the War Production Board estimates, while non-essential civilian construction virtually has halted completely.

Further increases in building are expected to cause essential construction to top $13,500,000,000 by the year's end, or 20% above the 1941 total for all construction, which set an all-time record.

Non-essential civilian building, which approximated $4,000,000,000 last year, will aggregate less than $650,000,000 for 1942, it was estimated. In the first three months of this year it totaled about $215,000,000, according to the WPB.

Evidence abounds today that industry's production for war is exceeding the most optimistic expectations. From all sides come reports of orders being completed weeks and even months ahead of schedule, while at the same time predictions are being made of much greater accomplishments yet to come.

General Motors Corp. announces that its war plants alone are delivering $5,000,000 worth of orders each day. British war-production heads express amazement at what American industries have done in so short a time, while Donald M. Nelson, War Production Board Chief, reports that the Nation is making munitions in "undreamed-of volume."

More significant, though, is the definite announcement, also made by Mr. Nelson, that airplane production in this country will total 60,000 planes this year. This means that the President's goal, viewed as "very high" a few months back, will be met.

War Production hit a new peak in May, and early June figures already are running at higher levels. Currently, the Treasury's outgo for all war activities is averaging more than $1,000,000,000 a week, indicating that June will be the first $4,000,000,000 month.

Today the national debt is in excess of $74,500,000,000, or almost $20,000,000,000 higher than it was a year ago at this time, and few express concern over the increase. When the debt is mentioned, it is generally in connection with the statement that the Nation can carry a $100,000,000,000, a $150,000,000,000, or even a $200,000,000,000 debt without fear of serious repercussions.

Department store sales throughout the United States were 7% higher in the week ended June 6, than in the corresponding period of last year, while for the four-week period ended June 6, there was no change from sales during the corresponding four-week period of 1941, the Federal Reserve Board reported.

Spells of summer heat encouraged a heavier demand for seasonal goods during the past week, and there were a few signs of a break in civilian buying apathy after several weeks of declining activity, Dun & Bradstreet stated in reviewing the week in trade.

It is reported that many department stores and most other retailers have sharply curtailed their purchases and some have started preparations for pushing sales. These moves are based on the expectation of an inventory control order, in spite of official statements that preparations of such an order are in a preliminary stage and no decision has been made on the subject.

Loading of revenue freight for the week ended June 6, totaled 854,689 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 58,933 cars from the preceding week this year, 1,749 cars more than the corresponding week in 1941 and 151,797 cars above the same period two years ago.

Electric production for the week ended June 6, amounted to 3,372,374,000 kilowatt hours, according to the Edison Electric Institute. This was a gain of 9.6% over the corresponding week last year, and an increase of 1.5% over the preceding week when total output amounted to 3,322,651,000 kilowatt hours.

The Association of American Railroads report a 33.5% increase in the May operating revenues of 89 Class I railroads, compared with the same month a year ago. The roads represent 81.5% of the total operating revenues.

Eastman To Address Advertising Meeting

Joseph B. Eastman, Director of the Office of Defense Transportation, will speak at the opening general session on June 22, 38th annual convention and advertising exposition, Advertising Federation of America, Hotel Commodore, New York, June 21-24, it was announced by Bruce Barton, Chairman of the convention's general program committee, who will also be the keynote speaker. Mr. Eastman's selection as a speaker was made in recognition of the major importance of transportation in the war effort, as well as in movement of goods and changes in markets affecting civilian welfare. A session on magazine advertising has been arranged for the morning of June 24 and radio advertising men will also meet the same morning.

C. C. Carr, advertising manager, Aluminum Company of America, Pittsburgh, has been added to the list of speakers who will be heard at the luncheon meeting on June 23, sponsored by the Advertising Women of New York. Others on that program are Mrs. Sarah Pennoyer, Vice-President in charge of advertising and promotion, Bonwit Teller, Inc., New York, and Thomas E. Dewey, prominent in Republican Party circles. The Association also says:

> A feature of the convention this year will be the exhibit, where wartime advertising samples and developments will be on display. Educational and informative exhibits are being prepared by 14 associations that are using this opportunity to tell men and women in the advertising industry about their wartime services and functions. A number of commercial exhibits by firms offering media, supplies and production services will also be a part of the convention exposition.

Previous reference to the meeting appeared in these columns June 4, page 2120.

House Committee Considers Excise Taxes; Treasury Would Limit Incomes To $25,000

The deliberations of the House Ways and Means Committee on the proposed tax program were marked on June 15 by a recommendation to it by Randolph Paul, tax adviser to Secretary of the Treasury Morgenthau for a 100% war "supertax" with a view to restricting individual net incomes to $25,000 after all normal income taxes are paid. A suggestion that incomes be limited to $25,000 a year was made by President Roosevelt to Congress on April 27, and his message at that time was given in our issue of April 30, page 1708. In its advices from Washington June 15 the Philadelphia "Inquirer" stated that sole deductions allowed under the Treasury plan would be 15% for charitable contributions and 15% for debt service. The "Inquirer" in its further advices from its Washington correspondent, Robert Barry, likewise said:

> There would be no tax exemptions; all income from tax-free State and local bonds would have to be included.
>
> At the same time, since the committee has tentatively approved mandatory joint returns, and since the Treasury prefers joint returns in any event, the plan would allow a married couple two $25,000 personal exemptions, or a total of $50,000, after income taxes.
>
> The super-tax would start to affect single persons when their incomes began to move appreciably above $50,000 a year. It would hit married persons whose combined incomes ran over $185,000 a year.
>
> Treasury experts estimated that with mandatory joint returns, the proposed war super-tax would affect approximately 11,000 single persons and married couples, and would yield about $184,000,000 in addition to the regular income tax under rates tentatively fixed by the Committee several weeks ago.
>
> Mr. Paul told the committee that "there can be no 'equality of privilege' for which the President has called when some of our citizens are permitted to enjoy a luxurious standard of living while others in less fortunate circumstances are called upon to cut their living standards to a bare subsistance level."

It was also noted in the account to the "Inquirer" that:

> Although the committee always meets behind closed doors, it was reliably reported that the Treasury suggested taxes on sugar, salt, tea and coffee, as well as electric power, gas used for fuel and barber and beauty shop supplies.
>
> On the other hand, together with the super-tax proposal, the Treasury suggested a plan whereby corporations and business houses could set up a reserve that would spare them from paying income taxes on the "profits" of an inventory rise that might just as swiftly be wiped out on a subsequent date.

President Roosevelt's suggestion that the tax bill be split up and the excise taxes be enacted immediately was rejected on June 16 by Representative Doughton, Chairman of the House Ways and Means Committee. While agreeing with the President that speed is essential in enacting a tax measure, Chairman Doughton said that he felt it was too late to split up the bill.

The House group on June 16 is understood to have laid aside the proposal for a $25,000 limitation on individual's net incomes, in deferring action on the Treasury's recommendation.

Mr. Roosevelt at his press conference on June 16 remarked that continued delay in enacting a tax measure was resulting in increasing losses in Treasury revenue.

Since the reference to the Committee's action in our issue of a week ago, (page 2201) the Committee on June 11 decided to increase the Federal tax on cigarettes from 6½ cents to 7 cents a package in order to raise $65,500,000. The Associated Press on that date stated:

> Chairman Doughton said that the committee had tentatively agreed to raise the present $3.25 per thousand tax to $3.50 and had rejected a Treasury proposal that a tax differential be established between 10-cent brands and 15-cent brands.

In noting the Committee's action, advices to the New York "Herald Tribune" from its Washington bureau on June 11 said in part:

> The Committee voted tentatively today to increase the present heavy taxes on tobacco in all forms by $107,000,000 and also to double existing levies on passenger transportation by rail, bus and airplane, making them 10%. . . .
>
> The proposed increases in levies affecting American smokers and travelers were contained in tax schedules approved by the committee as follows:
>
> An increase from $3.25 to $3.50 a thousand on cigarettes, or one-half cent a package, which probably would mean one cent in added cost to the consumer on single-package sales. The Treasury had recommended an increase of 25 cents a thousand on 10-cent brands and 75 cents a thousand on brands costing 15 cents or more, to raise $188,600,000 additional revenue. The committee boost will yield $60,000,000.
>
> A new tax of one-half cent on 25 cigarette papers or tubes to raise $7,800,000, which had been recommended by the Treasury.
>
> An increase in the existing 18-cent-a-pound tax on smoking tobacco to 24 cents. The Treasury had recommended a 36-cent tax to yield $26,800,000. The committees compromise will yield no more than $18,000,000.
>
> The present transportation tax of 5% of the basic fare was doubled, as was the additional 5% tax on Pullman seats and berths. The Treasury had recommended a 15% and 20% tax, respectively, to raise $94,800,000. The committee decision will net an estimated $35,000,000 additional.
>
> For the present graduated schedule by which cigars are taxed, the committee substituted the following rates: Retail price, 2.5 cents, $2.50 a thousand; 2.6 to 4 cents, $3.50; 4.1 to 6 cents, $5; 6.1 to 8 cents, $7; 8.1 to 11 cents, $10; 11.1 to 15 cents, $13.50; 15.1 to 20 cents, $18; 20.1 to 30 cents, $25, and more than 30 cents, $35.

On June 12 the Committee took action toward increasing the taxes on telegraph and telephone service charges, the life insurance tax and that on photographic equipment likewise being included in the advances. As to this Associated Press advices from Washington June 12 said:

> These tentative actions were taken by the Committee before it adjourned over the week-end, preparatory to discussing a group of minor matters and possibly the question of a general sales tax:
>
> The present telephone toll service charge of 5 cents on a charge of from 24 to 50 cents was changed to a flat 20% tax on the amount of the toll. This 10% tax on telegraph and cable messages was increased to 15%. Estimated yield in additional revenue, $26,800,000.
>
> The present 6% tax on local telephone bills was increased to 10%. Estimated yield, $36,800,000.
>
> The present 10% tax on manufacturers' sales of photographic equipment was raised to 25%, except on cameras weighing more than four pounds, which are exempt. Estimated yield, $10,800,000.
>
> Method of figuring tax on life insurance companies was revised, with substitution of a "reserve and other policy liability deduction" for the present reserve earnings deduction. Estimated yield, $40,000,000.
>
> Mutual insurance companies other than life are exempt if they do not have more than $100,000 in assets or more than $50,000 a year in income.
>
> It was decided to repeal excise taxes on washing machines, optical equipment, electric signs and advertising devices and rubber articles because, Rep. Cooper (D., Tenn.) said, it had been found that they had produced little revenue.
>
> It was announced that the treasury had withdrawn its original request that the 4½% tax on transportation by pipe line be increased to 10%.

With respect to the change in the method of figuring the tax in the case of life insurance companies, the New York "Times" in its advices from Washington, June 12 said:

> Also adopted was a revision, recommended by the Treasury and the joint committee experts, for the law relating to mutual life insurance companies. It was explained by Randolph Paul, Treasury tax expert, as follows:
>
> "The industry proposal is that a single new deduction (to be called a 'reserve and other policy liability deduction') be substituted for the present reserve earnings deduction, the deduction for interest paid on supplementary contracts, and the deduction for deferred dividends.
>
> "This new deduction would be a flat percentage of net investment income after deducting tax-exempt interest, the percentage to be the same for all companies. This percentage would be determined in such a way as to give the same aggregate deductions for all companies as under the original Treasury proposal described above.
>
> "For example, for 1941, the aggregate deductions of all companies under the original Treasury proposal for reserve earnings, interest on supplementary contracts, and deferred dividends amount to approximately 93% of the aggregate net investment income after deducting tax-exempt interest.
>
> "Consequently for the taxable year 1942, each company would be allowed a deduction of 93% of its net investment income after deducting tax-exempt interest.
>
> "For subsequent taxable years the corresponding percentage would be determined by the Secretary of the Treasury.
>
> "In summary, under the industry plan, each company's tax base would equal investment income less investigating expenses, less tax exempt, less a flat percentage of the remainder, the percentage to be based on the aggregate deductions of the industry under the Treasury formula."
>
> The 93% is a preliminary figure, subject to modification after more complete examination of the 1941 data, Mr. Paul added.
>
> The estimated yield from the change was put at $40,000,000.

THE FINANCIAL SITUATION

(Continued From First Page)

even a vital, ally during the war itself. For the most part the provisions of the agreements now announced are those which might be expected in the circumstances between any two or more allied nations fighting together against common enemies. Though the utterances of President Roosevelt on more than one occasion could well be a cause of uneasiness on the part of the Russian dictator about the intentions of his allies respecting the internal affairs of Russia, and although there is still much talk of individual freedom, no one has ever really believed that any attempt would be made to liberate the Russians who plainly do not want freedom. We can only hope that the communists of Russia will in fact as well as in name honor Mr. Stalin's assurance of non-interference in the internal affairs of other countries. As to the disclaimer of territorial ambitions—well, again seasoned observers are likely to await developments. In any event, however, both Russia and the British are hardly among the "have-nots" of the world, and we have never at any time entered more than half-heartedly at most into the practice of seizing territory.

Post-War Security

Russia also this time is apparently, and quite properly, to have a part, and an important part in making certain that the "aggressors" are unable again to disturb the peace of the world. Last time, while neither Russia nor the United States took active parts in the post-war treatment of Germany, that country was thoroughly and effectively disarmed for a span of years, and there was nothing to prevent Great Britain and France from continuing to be effective in this particular had they really been disposed to do so. Nor were the victors in the first so-called World War unduly tender-hearted or lacking in thoroughness in the dismemberment of the Central Powers and in the encirclement of Germany. Only the future can tell whether such matters as these will be wisely handled when this war is over. Under the leadership of the United States, one of the earliest and worst offenders last time, and evidently in response to pressure exerted by means of lease-lend arrangements, verbal recognition at least of the advisability of making the international movement of goods less restricted has been acknowledged by all three countries. The future will disclose whether these resolutions are to be taken in a Pickwickian sense.

Quite apart from all this, however, there is an element in these discussions which must give all thoughtful students considerable uneasiness. The careful observer can scarcely have missed the plain intimations or implications, not to employ more positive terms, of maturing schemes of world economic planning and control. And Russia is to have an influential part in this planning and control! One of the provisions of the so-called master lend-lease agreement between the United States and Russia asserts that "they (the final terms of the post-war settlement of obligations) shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and *domestic* measures of production, employment and the exchange and consumption of goods." This provision then continues to the effect that "at an early date conversations shall be begun between the two governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded governments."

Post-War Planning

These are, of course, vague terms, as are most of the other stipulations in all these recent interchanges and understandings. They could mean little, or they could be pregnant with significance. When, however, one ponders the devotion of the present Administration in this country to so-called economic planning, its itch to regulate and control practically all economic activity, and the many intimations in recent months of a determination to apply such New Deal principles upon a world wide scale after the war, it becomes difficult to escape real uneasiness as to where all this is leading us. Nor is that uneasiness allayed when it is now made clear that in this world planning and this world control Russia is to play one of the leading roles. Russian communism, now rather well supported in this country by large alien refugee elements, has always been quite influential among the New Deal managers. May heaven preserve us all if the Russian planners join forces with the New Deal planners to lay out a new heaven and a new earth at the conclusion of hostilities. Both our cherished liberties and our boasted standard of living would soon be in the gravest of danger.

Here are matters which must not be neglected by the intelligent citizens of the United States. There are all too many who are disposed to defer consideration of these issues until after the war is won, insisting that our immediate and urgent task is defeating the enemy. Such, of course, is the paramount concern of the day, but we should be exceedingly unwise to permit these fantastic schemes of post-war management to mature, to gain a large following among the unthinking, and to reach a status in popular thought that would render their circumvention at a later date exceedingly difficult if not impossible. It is increasingly evident that President Roosevelt is carefully planning with all of his political acumen and by astute use of lend-lease arrangements and otherwise to present the world with precisely such a political situation at the close of the war.

Rukeyser Points Out That Socialism Inevitably Breeds Totalitarianism

M. S. Rukeyser, writing in the New York "Journal-American," discusses the reasons behind the change of Max Eastman, once a Marxist, into an active opponent of socialism.

"Max Eastman," Mr. Rukeyser states, "has been doing a yeoman's job in de-glamorizing socialism.

"Once he had been a Marxian devotee, but his observations in the Soviet led him to believe that socialism inevitably breeds totalitarianism.

"Totalitarianism, he found, tends to give the plain citizen the bum's rush.

"According to Mr. Eastman's view, complete domination of industry by the state becomes oppressive, especially to labor, because the three functions of employer, strike-breaker, and policeman are combined in a single agency.

"In a recent debate with Dr. Harry W. Laidler, Mr. Eastman argued that total control by the state of the entire economic structure of the community can't be democratic because of the complexity of the administrative problem and the nature of man.

* * *

"I refer to Mr. Eastman's views because his opposition to socialism is based on humane and progressive lines. He is no tool of 'vested interests'—no spokesman for reactionary opponents of progress.

"On the contrary, he opposes excessive collectivization on the ground that it is retrogressive—that it is harmful to human liberty and progress.

"The official Socialist line in this country is naive. It contends that the Soviet perverted Socialism by combining it with a dictatorship.

"I think it is more logical to conclude that the Russian pattern originated from the necessities of the case. When through fiat of the state you remove the voluntary incentives of the profit motive, the only alternative is force to compel men to work.

"That is the essential choice that is open. On the other hand, there is the system of freedom, in which workers, within the limitations of their own competence and of available economic opportunity, may select work of their own choosing, and be rewarded according to the contribution which they make.

"The alternative is state-ism. Where there is no free choice, there must be force—and forced labor is a brand of slavery.

"Of course, pure Communism, providing that each should contribute according to his ability and be rewarded according to his need, is so at variance with individual biological differences that the Soviet had to compromise, and begin to pay an incentive wage. It has been getting more and more away from the Communist ideal."

Analyses Future of Free Enterprise

In a subsequent article in the "Journal-American," Mr. Rukeyser had the following to say on regimentation of business during the war and our system of free enterprise when peace comes:

"Much of the underlying pessimism expressed in recent months in the stock market has been based on the fear that the free enterprise system was disappearing.

"Under the necessities of a war-time economy, observers have seen evidence of increasing regimentation of business by Government.

"It seems to me more accurate, however, to conclude that free enterprise is temporarily in a state of suspended animation.

"The immediate distinction may seem academic, but this view leaves open for struggle at the conclusion of the war the question of restoring the private enterprise system.

"According to the principle of action and reaction, some students of government and business believe that after the war the public will be so weary of governmental interferences with personal liberty that there will be a nostalgic demand for something approaching 'normalcy.'

"Instead of relying fatalistically on inexorable forces, I think that those interested in restoring the enterprise system should begin to make analyses of the fundamentals and to express them in humanized and dramatic manner so that workingmen, small stockholders and the public generally will have a sympathetic understanding of the issues at stake.

"I believe that corporations, temporarily stopped from stimulating demand for certain types of consumer goods at present, should take advantage of the hiatus to employ advertising to merchandise concepts and ideas about the desirability of the American way.

* * *

"In view of the demonstrable superiority of the enterprise system in achieving high living standards and human liberty, defeatism concerning the long-term future of the system is not warranted.

"The present situation is highly abnormal. Armament production is not industry in the accepted sense; it is rather a necessitous commandeering by Government of the facilities for producing and exchanging goods. With the Government as the sole buyer of war materials, it is necessary in wartime to develop a type of regimentation which would be unsuitable for peace-time conditions.

"The American way should not be dubbed the private enterprise system. That fallaciously puts emphasis on the so-called vested rights of the business man and the property owner. Those privileges are only incidents to the system, which should be described as a mechanism by which American workers, farmers and others produce and exchange goods among themselves through the corporation, the partnership and other agencies.

"What is really at stake is the liberty of the people, and their freedom to select work and goods of their own choosing. It is a fortuitous circumstance that the annals of business demonstrate that this free system has been more productive than any other."

Cotton Consumption In May At High Peak

Under date of June 13, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles. In the month of May, 1942 and 1941, cotton consumed amounted to 957,015 bales of lint and 132,390 bales of linters, as compared with 998,754 bales of lint and 132,106 bales of linters, in April, 1942, and 923,518 bales of lint and 129,562 bales of linters in May, 1941. April consumption of cotton includes 1,700 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

For the 10 months ending May 31, cotton consumption was 9,202,508 bales of lint and 1,241,760 bales of linters, against 7,916,109 bales of lint and 1,097,888 bales of linters in the same 10 months a year ago.

There were 2,589,456 bales of lint and 523,745 bales of linters on hand in consuming establishments on May 31, 1942, which compares with 1,931,565 bales of lint and 501,747 bales of linters on May 31, 1941.

9,402,969 bales of lint and 150,533 bales of linters were on hand in public storage and at compressors on May 31, 1942, and 11,399,982 bales of lint and 87,057 bales of linters on May 31, 1941.

There were 23,120,666 cotton spindles active during May, 1942, which compares with 23,004,082 active cotton spindles during May, 1941.

Banks Urged To Increase Effort To Sell War Bonds

In a letter sent on June 11 to all banking institutions in New York State, Allan Sproul, Chairman of the Victory Fund Committee for the Second Federal Reserve District, urges that banks re-examine the possibility of sales of Series F and G War Savings Bonds. Mr. Sproul points out that the May quota was not met by the State and that unless increased effort is put forth in June, the higher quota for this month will not be reached.

His letter says in part:

This is an opportunity for the banks of the District to expand their already considerable efforts to promote the War Financing Program. With their intimate knowledge of the resources and needs of individual and institutional investors, they can reach prospective purchasers of the F and G Bonds as perhaps no other group can. This is no longer merely a question of investment opportunity; it is now also a question of maximum financial support to the War effort in a time of national crisis.

Inter-American Farm Meeting In Mexico City

Dr. Earl N. Bressman, Director of the Division of Agriculture in the Office of the Coordinator of Inter-American Affairs, recently expressed the view that the forthcoming Second Inter-American Agricultural Conference at Mexico City, July 6 to 16, would loom large in the solution of present and post-war food problems. Speaking to a Committee on Tropical Agriculture, composed of experts from Latin American countries, at the Pan American Union, Dr. Bressman said he felt that the organization of the Congress is practical and pointed toward existing world conditions. "I have had an opportunity to review the subjects which will be treated by both official delegates and consulting delegates," he continued, "and have found them to be well selected and pertinent. Foremost men in the field of agriculture have been chosen to present topics and they represent most geographic regions."

Duties Of U. S.-British Food Board Outlined

As was indicated in these columns June 11, page 2202, the establishment of two new boards was announced on June 9 by President Roosevelt on behalf of himself and Prime Minister Winston Churchill. One of these is to be known as the Combined Production and Resources Board for the United States and the United Kingdom, while the other, a Joint Great Britain-United States Food Board, will be known as the Combined Food Board; in the case of the latter, Secretary of Agriculture Claude R. W. Wickard will be the American representative, while R. H. Brand, head of the British Food Mission to the United States, will represent and act under instructions of the British Minister of Food, Lord Woolton. The Combined Production and Resources Board, as heretofore stated, will consist of Donald M. Nelson, Chairman of the War Production, and Oliver Lyttelton, British Minister of Production, who is now in Washington. President Roosevelt announced the general functions of the two boards in memoranda addressed to Mr. Nelson and to Secretary Wickard. The memorandum to Mr. Nelson was given in our June 11 issue; the following is the text of the President's memorandum to Secretary Wickard:

"By virtue of the authority vested in me by the Constitution and as President of the United States, and acting jointly and in full accord with the Prime Minister of Great Britain, I hereby authorize on the part of the Government of the United States the creation of a Joint Great Britain - United States board, to be known as the Combined Food Board.

"In order to coordinate further the prosecution of the war effort by obtaining a planned and expeditious utilization of the food resources of the United Nations, there is hereby established a Combined Food Board.

"The board will be composed of the Secretary of Agriculture and the head of the British Food Mission who will represent an act under the instruction of the Minister of Food.

"The duties of the board shall be:

"To consider, investigate, inquire into and formulate plans with regard to any question in respect of which the governments of the United States and United Kingdom have, or may have, a common concern, relating to the supply, production, transportation, disposal, allocation or distribution, in or to any part of the world, of foods, agricultural materials from which foods are derived, and equipment and non-food materials ancilliary to the production of such foods and agricultural materials, and to make recommendations to the governments of the United States and United Kingdom in respect of any such questions.

"To work in collaboration with others of the United Nations toward the best utilization of their food resources, and, in collaboration with the interested nation or nations, to formulate plans and recommendations for the development, expansion, purchase, or other effective use of their food resources.

"The board shall be entitled to receive from any agency of the Government of the United States and any department of the Government of the United Kingdom any information available to such agency or department relating to any matter with regard to which the board is competent to make recommendations to those governments, and, in principle, the entire food resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged."

President Merges War Information Bureaus

President Roosevelt on June 13 signed an executive order consolidating into one new agency the information functions of the Government—foreign and domestic. The new agency will be known as the Office of War Information. Elmer Davis, nationally known writer and radio commentator, has been named as Director of the new office. A White House statement announces that the Office of War Information will be divided into two main divisions: the first it is stated "will deal with the dissemination of information within the United States. The second will deal with the dissemination of information in all foreign countries, except Latin America."

Into the new agency will be consolidated all of the functions and duties of the following existing informational agencies: the Office of Facts and Figures, now headed by Archibald MacLeish; the Office of Government Reports, headed by Lowell Mellett; the Division of Information in the Office for Emergency Management, in charge of Robert W. Horton, and the Foreign Information Service of the Office of the Co-ordinator of Information, directed by William J. Donovan. The White House statement also says:

In addition, the Director of the new Office of War Information will have authority, subject to policies laid down by the President, to issue directives to all departments and agencies of the Government with respect to their informational services. He will have full authority to eliminate all overlapping and duplication and to discontinue in any department any informational activity which is not necessary or useful to the war effort.

While the actual information service of the different departments and agencies will continue to remain with such departments and agencies, their informational activities must conform to the directives issued by the Director of the Office of War Information.

The existing Office of Coordinator of Information (exclusive of the Foreign Information Service) is being transferred to the Joint Chiefs of Staff to operate directly under their supervision. Its name is being changed to the Office of Strategic Services, and it will continue to perform its functions of collecting secret and strategic information in foreign countries and performing general miscellaneous strategic services abroad, other than the dissemination of information by radio, leaflets, etc. These information functions in foreign countries will become part of the functions of the new agency—the Office of War Information; and the appropriate staff will be transferred to the new agency for this purpose.

To assist the Director of the Office of War Information, a Committee on War Information Policy will be established. The Director will be the Chairman of this committee; other members of the committee are set forth in the Executive Order. This committee will formulate basic policies and plans on war information; but the Director, after consultation with such committee, will have full power as the executive head of the new agency.

The White House statement also indicated that an administrative officer to serve under Mr. Davis will be designated, and it added:

William J. Donovan will serve as the head of the new Office of Strategic Services, reporting only to the combined Chiefs of Staff and to the President.

The information service for Latin America will continue to be handled by the Co-ordinator of Inter-American Affairs.

The Executive Order prescribes close collaboration between The Director of Censorship, Mr. Byron Price, and the Director of the new Agency, for the purpose of facilitating the prompt and full dissemination of all available information which will not give aid to the enemy.

In his Executive Order the President said that the merger was being effected "in recognition of the right of the American people and of all other peoples opposing the Axis aggressors to be truthfully informed about the common war effort."

The existing Office of Co-ordinator of Information, exclusive of its foreign information service, was transferred in a separate "military order" to the United States Joint Chiefs of Staff to operate directly under their supervision.

The name of this transferred part was changed to the Office of Strategic Services, to be headed by Mr. Donovan.

Under the executive order, a special committee within the OWI is set up to be headed by Mr. Davis and to include representatives of the Secretaries of State, War and Navy, the Joint Psychological Warfare Committee, and the Co-ordinator of Inter-American Affairs. This committee, the White House said, will "formulate basic policies and plans on war information; but the director, after consultation with such committee, will have full power as the executive head of the new agency."

The information services of the Office of Coordination of Inter-American Affairs, handled by Nelson A. Rockefeller, continues to function.

OWI Director Davis is authorized to perform the following functions and duties:

Formulate and carry out, through the use of press, radio, motion picture and other facilities, information programs designed to facilitate the development of an informed and intelligent understanding, at home and abroad, of the status and progress of the war effort and of the war policies, activities and aims of the government.

Co-ordinate the war informational activities of all Federal departments and agencies for the purpose of assuring an accurate and consistent flow of war information to the public and the world at large.

Obtain, study and analyze information concerning the war effort and advise the agencies concerned with the dissemination of such information as to the most appropriate and effective means of keeping the public adequately and accurately informed.

Review, clear and approve all proposed radio and motion-picture programs sponsored by Federal departments and agencies, and serve as the central point of clearance and contact for the radio broadcasting and motion-picture industries, respectively, in their relationships with Federal departments and agencies concerning such government programs.

Maintain liaison with the information agencies of the United Nations for the purpose of relating the government's informational programs and facilities to those of such nations.

Living Costs Up 0.2% In May, Board Reports

Living costs of wage earners and low-salaried workers in the United States rose only 0.2% from April to May, according to the Conference Board, New York. This is the smallest month-to-month increase since March, 1941. Under date of June 12 the Board further stated:

Between April and May, clothing prices rose 0.2%. Men's clothing, which showed the greatest increase in the previous month, fell 0.3%. Women's clothing, on the other hand, showed an increase of 0.8%.

Fuel and light was up 0.4% due wholly to a 0.7% rise in coal, while gas and electricity remained unchanged.

The Board's index of the cost of living (1923=100) was 97.3% in May, as compared with 97.1% in April, 96.1% in March, 95.1% in February, 94.5% in January, 93.2% in December, and 87.4% in May, 1941.

Living costs were 11.3% higher than in May, 1941. Food prices led the advance over the year period with a rise of 20.6%. Clothing prices were second with a 20.4% rise. Other rises during the twelve months were: sundries, 5.8%; fuel and light, 4.7%, and housing, 3.5%.

The purchasing value of the 1923 dollar declined to 102.8% in May. In April it was 103.0%, in March, 104.1%; in February, 105.2%, and a year ago it was 114.4%.

Roosevelt, Molotov Agree On Second Front

The White House announced on June 11 that President Roosevelt and Soviet Foreign Commissar V. M. Molotov have reached "full understanding . . . with regard to the urgent tasks of creating a second front in Europe in 1942." In a formal statement, the White House disclosed that Mr. Molotov had conferred with the President in Washington for nearly a week, at Mr. Roosevelt's invitation.

Their discussions, in addition to the second-front "understanding," included "measures for increasing and speeding up the supplies of planes, tanks and other kinds of war materials from the United States to the Soviet Union," and also "fundamental problems of cooperation of the Soviet Union and the United States in safeguarding peace and security to the freedom loving peoples after the war."

The White House statement said that "both sides state with satisfaction the unity of their views on all these questions."

Mr. Molotov had been in Washington from May 29 to June 4 but the visit was kept secret until he had safely returned home. He had flown to Washington in a Soviet plane, after signing in London a 20-year treaty of alliance with Great Britain. (This matter is reported elsewhere in today's issue.)

The White House statement on the Roosevelt-Molotov conversations follows:

The People's Commissar of Foreign Affairs of the Union of Soviet Socialist Republics, Mr. V. M. Molotov, following the invitation of the President of the United States of America, arrived in Washington May 29 and was for some time the President's guest. This visit to Washington afforded an opportunity for a friendly exchange of views between the President and his advisers on the one hand and Mr. V. Molotov and his party on the other. Among those who participated in the conversations were the Soviet Ambassador in the United States, Mr. Maxim Litvinov, Mr. Harry Hopkins, Chief of Staff Gen. Marshall and Commander-in-Chief of the United States Navy, Admiral Ernest J. King. Mr. Cordell Hull, Secretary of State, joined in subsequent conversations on non-military matters.

In the course of the conversations full understanding was reached with regard to the urgent tasks of creating a second front in Europe in 1942. In addition, the measures for increasing and speeding up the supplies of planes, tanks and other kinds of war materials from the United States to the Soviet Union were discussed. Further were discussed the fundamental problems of cooperation of the Soviet Union and the United States in safeguarding peace and security to the freedom-loving peoples after the war. Both sides state with satisfaction the unity of their views on all these questions.

At the conclusion of the visit the President asked Mr. Molotov to inform Mr. Stalin on his behalf that he feels these conversations have been most useful in establishing a basis for fruitful and closer relationship between the two governments in the pursuit of the common objectives of the United Nations.

Tire And Drug Reports

The Securities and Exchange Commission recently made public the 14th and 15th of a new series of industry reports of the Survey of American Listed Corporations, covering the calendar years of 1939 and 1940. Report No. 14 covers corporations engaged primarily in the manufacture of tires and other rubber products ad report No. 15 covers corporations engaged in the manufacture of drugs and medicines, both of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

With respect to report No. 14, covering 15 corporations, the SEC says:

"The combined sales reported by the group were $857,000,000 in 1940 compared with $779,000,000 in 1939. Net profits after all charges totaled $40,000,000 in both 1940 and 1939 equivalent to 4.6% and 5.2% of sales, respectively. Total dividends paid out by these enterprises were $21,000,000 in 1940 compared with $24,000,000 in 1939. The combined assets for these 15 corporations totaled $785,000,000 at the end of 1940 compared with $736,000,000 at the end of 1939, while surplus increased from $141,000,000 at the end of 1939 to $158,000,000 at the end of 1940."

Concerning the 15 companies included in report No. 15, the Commission states:

"The combined sales reported by the group were $267,000,000 in 1940 compared with $256,000,000 in 1939. Net profits after all charges totaled $32,000,000 in 1940 and 1939, equivalent to 11.9% and 12.6% of sales, respectively. Total dividends paid out by these enterprises were $24,000,000 in each year. The combined assets reported by the group totaled $244,000,000 at the end of 1940 compared with $231,000,000 at the end of 1939, while surplus increased from $72,000,000 at the end of 1939 to $78,000,000 at the end of 1940."

American Section Of Chemical Society Elects

The American Section of the Society of Chemical Industry announces the election of the following officers for the year 1942-1943:

Chairman, Dr. Foster D. Snell; Vice-Chairman, Dr. Norman A. Shepard; Honorary Secretary, Cyril S. Kimball; Honorary Treasurer, J. W. H. Randall.

The following new committee members were elected to take the place of retiring members: Edward R. Allen; Francis J. Curtis; Dr. Donald Price; Archie J. Weith, and Dr. Lincoln T. Work.

Govt.'s Anti-Trust Action Seen Transforming Advertising, Selling And National Economy

The Government's harassing anti-trust prosecutions of business may transform not only good-will building and advertising and selling but also our entire national economy, declared Gilbert H. Montague of the New York Bar, speaking before the Sales Executives Club of New York. However, with a curtailment of managerial adjustment of production to marketing demand, and with the reduction or elimination of patent protection, trade-mark protection and good-will protection, advertising and selling would take over the greatest problem and the greatest opportunity they have ever had in all history, Mr. Montague declared:

"Donald Nelson calls this a 'smart man's war'," Mr. Montague told the Sales Executives Club. "Certainly old-time maxims do not fit it. Ever since Cicero's day, lawyers have been repeating the legal maxim 'Inter arma leges silent'—'In the midst of war the laws are silent.' But there is nothing silent about the National Defense Act, the Lend-Lease Act, the Trading with the Enemy Act, the First War Powers Act, the Emergency Price Control Act, the Property Requisition Act, the Second War Powers Act, and dozens of other Acts enacted since the outbreak of the second World War, and the innumerable rules, orders and regulations that are today pouring forth from Donald Nelson's War Production Board, and Leon Henderson's Office of Price Administration, and Chairman Eastman's Office of Defense Transportation, and Secretary Ickes' Office of Petroleum Co-Ordinator. Nor is there anything silent about Thurman Arnold's program of more and bigger anti-trust prosecutions.

"In the first World War, anti-trust laws prosecutions were instituted only in egregious cases, or in cases directly relating to the national defense. In cases of lesser importance, the Government appeared willing to let business men devote their undivided attention to war production, without the harassment of anti-trust law investigations and prosecutions.

"In the present World War all this is changed. Thurman Arnold's staff now engaged in investigating and prosecuting anti-trust cases is nearly five times as great as it was in 1938. More than 3,000 individuals, firms, corporations and associations are now awaiting trial under the anti-trust laws. When these defendants were doing the acts for which they are now being prosecuted, most of them could have had no idea that what they were doing could ever be called in question as an offense against the anti-trust laws. This is demonstrated by the fact that in the typical anti-trust case the Government has to spend weeks and months in court before it can develop the basic facts on which to establish a violation of these laws. If the Government after assembling all the facts requires all this time to prove an anti-trust law violation, it is absurd to believe that there can be any consciousness or idea of guilt on the part of defendants who for the most part can be acquainted with only a small segment of all the facts.

"Anti-trust laws are in a real sense ex post facto laws. Defendants in these cases are judged not by the law as it was judicially interpreted at the time they were doing their acts, but by later judicial interpretations of the law current at the time of the trial and in many instances laid down by the Supreme Court and other Federal Courts long after their acts were done. This has always been characteristic of anti-trust cases, and is greatly intensified when, as now, the Supreme Court and other Federal Courts are repeatedly expanding the interpretation of the law and bringing within its penalties a rapidly expanding area of transactions.

"In war time all these characteristics are accentuated. Agreements that were normal and highly beneficial to this country, when entered into years ago between our nationals and nationals of other countries then at peace with this country, can years later be unfairly distorted so as to appear sinister or even unpatriotic, after war has broken out between this and other countries. In the heated politics of war time, the temptations to this distortion are well nigh irresistible.

"In every previous war since the anti-trust laws were enacted, the Attorney General's anti-trust division has gone into an eclipse. But Thurman Arnold, when threatened by this fate in the present World War, sold single-handed the Administration and Congress on the idea that vigorous and unrelenting anti-trust investigations and prosecutions are just as important as all-out production of war munitions, and are even more important to meet post-war conditions. For this exploit Thurman Arnold deserves unstinted admiration in any organization purporting to represent sales achievement in America.

"In the present war we may expect, therefore, many prosecutions in which courts are asked to lay down new and extended interpretations of the anti-trust laws far beyond those existing before 1938, and many investigations in which the facts might disclose no illegality if sifted by a court trial, but can be distorted so as to imprint a sinister or even unpatriotic smear, when presented ex parte before a Congressional Committee affording no opportunity of cross-examination.

"All this is doubtless helpful in distracting public attention from the Government's coddling of labor, but it is discouraging to thousands of business men whose patriotism and loyalty in all-out war effort are equally necessary and dependable, and it is disheartening to that great body of the American public which seems never to learn that people in politics often behave politically.

"Advertising and selling share, of course, in this general discouragement and disheartenment, but are advertising and selling now under any more Government attack than is all the rest of American business?

"Many people see grave threats to good-will building in the Government's inclination toward grade labeling, and in the Government's predilection for price competition rather than brand and quality competition, and in the Government's various strictures on advertising, as expressed in the consent decrees in the Ford and Chrysler automobile finance cases, and in the prosecution of the cigarette companies, and in the prosecution of food and drug groups operating under the State Fair Trade Acts and State Unfair Trade Practice Acts.

"Some criticism of this Government action has been so uninformed that Government spokesmen have had little difficulty in making these critics appear ridiculous. But at the core of all this Government action, and untouched by all this clumsy and fumbling criticism, there seems to be a force which, unless intelligently measured and dealt with, may transform not only good-will building and advertising and selling but also our entire national economy into something quite different from the present.

"When anti-trust prosecutions dealt only with conspiracies and restraints of trade, no one could well argue that good-will building and advertising and selling were being attacked. A different situation is presented, however, now that the Government is going further, and is beginning to challenge non-collusive measures, such as the fostering of trade practice standards, the dissemination of trade statistics, trade information and cost statistics, and the promulgation of uniform cost accounting principles.

" 'Collusion in its clearest form is an agreement to follow a common policy with respect to price or volume. . . . Non-collusive measures stop short of agreement; in their clearest forms they are educational and informational in character and operate by strengthening, implementing, or articulating the belief of individual businessmen that mutual self-restraint in competing for the available business of an industry is a wise business policy.'

"These statements are quoted from 'Trade Association Survey,' a monograph which the Temporary National Economic Committee published in 1941, and which was prepared for the Committee by a Department of Commerce group, whose ominous conclusion is that 'the difference between collusive and non-collusive approaches to the achievement of price stability essentially is one only of the directness of the device.'

"In this and in all other monographs published by the Temporary National Economic Committee, there is a prefatory statement of the Chairman that the publication of the monograph by the Committee 'in no way signifies nor implies assent to, or approval of, any of the facts, opinions, or recommendations.' But already another of these monographs has been cited in its entirety in an official decision of the Supreme Court of the United States.

"This adds significance to the following colorful statements in 'Anti-trust in Action,' another monograph which the Temporary National Economic Committee published in 1941:

" 'As the open market recedes the fabric of industrial control is woven. At strategic points parties move to their own advantage. In automobiles the chiefs of the assembly line have won authority over a far-flung business empire. They have, to their own gain, learned to play the parts manufacturers off against each other. A franchise from one of the Big Three means far more to the ordinary dealer than any ordinary dealer can mean to the manufacturer. Only the exceptional marketer can bargain with the company which controls his supply. It is all a kind of feudal regime in which the manufacturer is liege lord, the parts-maker vassal, the dealer merchant and peon.

" 'In cigarettes the lines of the feudal pattern stand out even more sharply. The heights are occupied by the managements of the large concerns. The ranking officials graciously accept generous salaries; then, with a keen eye to the unique quality of their own services, they vote themselves sizable bonuses as "incentive compensation." Stockholders are lulled by regular dividends. At one frontier the farmer receives for leaf a price that nets less than a decent living. At the other the dealer is forced to carry the article upon the thinnest of margins. For the manufacturer encourages price cutting, and the merchant who sells other things cannot afford to have the buyer walk out of the shop because it does not carry his favorite brand. It is all very subtle; no formal conspiracy meets the naked eye; there is no technical resort to duress. Yet, with little in the way of holdings, a small group of men lord it over the whole trade.'

"These impassioned statements far outrun the anti-trust laws as they were interpreted and applied by the Supreme Court before 1938. But they exactly describe the line on which the cigarette companies were tried and convicted in 1941, and there are now in the works more prosecutions along the same line.

"By the simple device of stretching the anti-trust laws, so as to make them prohibit and penalize any business structure the Government does not like, and by harassing business men with grand jury investigations and criminal indictments until in desperation they agree to consent decrees that indelibly and irrevocably impress upon their businesses these new interpretations of the anti-trust laws, the Government now possesses and is effectively exercising a force that may change our entire national economy.

"All this is disquieting, coming just after the Supreme Court has departed from 30 years of anti-trust law precedents, in order to give labor substantial exemption from the prohibitions and penalties of the anti-trust laws.

"Never before, in this or any other country, has the experiment been tried of procuring all-out Nation-wide war production by coddling labor and by harassing business at the same time.

"This may be statesmanship of the highest order. For while experience shows that labor when dissatisfied may hold up war production even in a national emergency, experience also shows that no matter how badly the Government treats business, business can always be relied on never to retaliate by obstructing or retarding war production.

"In November, 1939, Thurman Arnold's anti-trust division exerted all the Government's strength in an effort to obtain the conviction of William S. Knudsen, then President of General Motors Corporation, so as to subject him to fine and imprisonment under the anti-trust laws. Having fortunately failed in this effort the Government in May, 1942, called upon Mr. Knudsen to serve in the Advisory Commission of the National Defense Council as head of the program of national defense production. It is typical of American business that Mr. Knudsen answered this call of the Government, and is now Lieutenant General Knudsen in the national service for the duration.

"In recent books, articles, speeches and statements Thurman Arnold is advocating a national economy compelling limitless production simply for abundance. In Mr. Arnold's national economy the fostering of trade practice standards, the dissemination of trade statistics, trade information and cost statistics, and the promulgation of uniform cost accounting principles, would all have to cease. For as explained in the Temporary National Economic Committee's monograph, although these are 'non-collusive measures stopping short of agreement,' nevertheless 'the difference between collusive and non-collusive approaches to the achievement of price stability essentially is one only of the directness of the device,' and all these 'non-collusive measures . . . operate by strengthening, implementing or articulating the belief of individual business men that mutual self-restraint in competing for the available business of an industry is a wise business policy.' Management would thus have to cease adjusting production to market demand.

"Similary in Thurman Arnold's national economy compelling limitless production simply for abundance all patent protection, trade-mark production and good-will protection would have to be reduced or eliminated. For though these for centuries have been characteristic of the national economy of all democratic nations, they contain the possibility of fostering brand or quality competition rather than price competition.

"Thurman Arnold's national economy compelling limitless production simply for abundance has been approximated only in Nazi Germany, Soviet Russia and Japan when they were preparing for and later carrying on this present war, and in the United Nations only after they were forced to imitate the behavior of these totalitarian nations in order to save themselves from extinction by them. Doesn't this suggest that Thurman Arnold's national economy may be a totalitarian and not a democratic idea?

"Before the Association of National Advertisers last November, and again in a newspaper interview in May this year, Leon Henderson declared that 'advertising is threatened with no special or extraordinary peril not shared by other economic and social organisms.'

"Mr. Henderson spoke only as Price Administrator, but if the Supreme Court should stretch the anti-trust laws in the directions indicated in the Temporary National Economic Committee monographs, advertising and selling would simply be in the same boat with 'other economic and social organisms.'

"Indeed they might fare even better. For this national economy compelling limitless production simply for abundance, as advocated by Thurman Arnold, would be to advertising and selling just another 'smart man's war.' With the curtailment of managerial adjustment of production to market demand, and with the reduction or elimination of patent protection, trade-mark protection and good-will protection, while materials and plant capacity released from war production are battling to win back their lost civilian markets, and while materials and plant capacity now supplying civilian markets are battling to hold these same civilian markets, production would have to slip from its present all-dominant position, and advertising and selling would not only regain their former importance, but they would also take over the greatest problem and the greatest opportunity that they have ever had in all history.

"Always when the going has been toughest, advertising and selling have achieved their greatest resourcefulness and their greatest efficiency. They have never flinched or lost a 'smart man's war.'"

Arbitration Award To NY Commerce Chamber

The 1942 Importers Guide Award for Distinguished Service in the Advancement of Arbitration in Foreign Trade was presented under the auspices of the American Arbitration Association to the Chamber of Commerce of the State of New York at a ceremony in the great hall of the Chamber on June 9. The presentation ceremony, which was attended by several hundred leading business men, was featured by an "off the record" speech by Lieut.-Gen. Hugh A. Drum, Commanding General of the Eastern Command Division, and of the First Army.

The presentation of the award, which is given annually by the American Arbitration Association, was made by Thomas J. Watson, a Director of the arbitration group and Chairman of its Inter-American Commercial Arbitration Commission. Frederick E. Hasler, newly elected President of the New York State Chamber, accepted the award on behalf of its membership.

At the same ceremony, Col. Charles T. Gwynne, Executive Vice-President of the Chamber of Commerce of the State of New York, was presented with the 1942 medal for Distinguished Service in commercial arbitration by Lucius R. Eastman, Chairman of the Board of the Association. Col. Gwynne, one of the founders of the Arbitration Association, is completing his 48th year of service with the Chamber.

Life Insur. Companies Have Added Importance In National Economy In War Time, Says Pink

Discussing "Life Iusurance and the War," Louis H. Pink, New York State Superintendent of Insurance, declared on June 10 that "if life insurance is essential to the individual and to society in normal times, it is doubly so when the nation is under strain." "We have only," he said, "to think back a few years to the depression which ushered in this great war—to the billions of dollars poured back annually by this institution to salvage individuals, to protect the home, to keep business going—to realize how important and essential it is." Superintendent Pink went on to say:

Not every one is buoyed up by the stimulation of industry due to the war demand. With the dislocation of civil life, rationing and higher taxes and prices, many find it more difficult than ever to get along. And those who now work feverishly and overtime face the period of greatest economic danger with the coming of the peace. There must be no let-up in life insurance. No one connected with it and its beneficent purpose must be permitted to lose interest or doubt that it is vitally necessary in this crucial period.

The financing of the war effort is to a great extent the obligation of large financial institutions which gather together the people's savings. Life insurance companies and banks must assume a leading role. The funds made available to us by our great army of policyholders make this possible. The earnings and savings of the workers are canalized through our companies and play a direct part in the war effort. These funds are being translated into planes, guns, tanks and ships. Life insurance funds also play an important part in providing housing and in expanding the facilities of public utilities, agriculture and industrial enterprise of all kinds.

Already in this emergency our companies, which formerly carried only a small part of their investments in government bonds, have increased the percentage to about a quarter of all; a very large proportion of all new money invested goes into government bonds. The latest figures show that our legal reserve life companies now hold $7,300,000,000 in United States securities—almost double the entire cost of the Civil War—over eight times the total of government securities held by life companies at the end of the first World War.

Mr. Pink, who spoke during the Convention of the National Association of Insurance Commissioners in Denver, warned in his address that "a run-away inflation would be more dangerous to our economy and to the stability of government than war itself." He further declared:

It would deal particularly harshly with life insurance policyholders and those who have money in the savings banks. The inflation in Germany had much to do with the creation of a Hitler and the conditions which brought about this unbelievably cruel, terrible and senseless struggle. The aim for victory and for self-preservation will carry us through the war in unity. But with peace and the demobilization of our armies and of our war industries will come our greatest national trial.

John Maynard Keynes, the unorthodox economist who has been proven right in many things, foresaw the economic dangers of the peace of Versailles. Now he urges blocked deposits and forced savings to avoid inflation and to provide capital for industrial reconstruction when the war ends. In similar vein it is suggested by some of our economists that part of the excess-profits tax be set aside for the recovery.

Life insurance should be grateful to the Federal Government for its strenuous efforts to control prices and spending and prevent inflation. Life insurance in turn has a very real contribution to make in the campaign against inflation. The money put into insurance is withdrawn from the market for civilian goods. It is used for the war effort but the credit remains to bulwark the policyholder and the nation when demobilization comes. The great part it will play in the recovery is prevised by the aid given through the recent depression. The sale of life insurance is not competitive with war bonds. Life insurance moneys go into the same channels and provide a cushion for the dangerous years to come. In a sense they are blocked deposits.

In his address, Mr. Pink also said:

We had a war scare over Japan some years ago when another Roosevelt was President of the United States. Newspaper men asked a Japanese statesman what he thought of the possibility of war with the United States and he replied: "Such a notion is fantastic. Japan would be insane to fight your country. For just the instant that war was declared you would bring into action the most powerful engine of war that man has ever devised—the United States Treasury." So far the German Government has astonished the world by carrying on this huge contest on the basis of barter, forced sale and forced labor, pillage and confiscation. No economist ever thought that it was possible. But the Nazi financial structure has no foundation excepting fear, force and constant victory. The United States Treasury on the other hand has been able to secure the support of the United Nations because they know that there is a tangible backing for our currency and our financial promises and that in some way or other they will be redeemed. The power of the United States Treasury as an engine of war will become greater as the war progresses.

Referring to the enactment in New York State this year of a new statute providing for war clauses, Superintendent Pink said in part:

The clauses seem reasonable and should prove practical in operation. They may form a basis for reasonably uniform practice throughout the United States. But the war clauses specified in our law are merely a maximum. The companies cannot impose any harsher terms but they are at liberty to modify the war clauses in favor of the policyholder.

The difference of opinion in company managements as to the extent to which war clauses should be used is not surprising. It is entirely understandable that companies may differ as to how far they may go with safety to the main body of policyholders. Some believe that the hazard to human life growing out of invasion is sufficiently slight to warrant full coverage to all while they are within the United States and Canada. Others contend strenuously that in view of the unpredictable possibilities of modern war and the tactics of our enemies, the use of a war clause in the United States is necessary. It is my own judgment that the companies can without undue risk undertake to cover everyone in the United States and Canada without substantial restriction.

WPB Approves Pipeline From Texas To Illinois

The War Production Board on June 10 approved immediate construction of a 24-inch pipeline from Longview, Tex., to Salem, Ill., and it is expected to be completed within six months. The new 550-mile pipeline will have a total capacity of 350,000 barrels of oil daily, of which 250,000 would be transhipped from Salem to the East Coast by tank cars, barges and other facilities. The construction of this pipeline is expected to afford substantial although not complete relief to the East Coast oil supply situation.

In signing the pipeline order, Donald M. Nelson, Chairman of the WPB, said that "the WPB took this action after considering the changed situation with respect to oil tankers and military requirements, and after receiving assurances that prompt construction of the line will not interfere with delivery of steel or motor equipment orders for the War and Navy Departments or for the Maritime Commission's shipbuilding program."

It is stated that the line will require 125,000 tons of finished steel, as compared with 400,000 tons for the 1,500 mile Texas-to-New York line which was refused priorities on steel.

Consumption of critical materials, the WPB said, will be minimized by the substitution of cast iron for steel in some places and by the use of seamless steel tubing instead of steel plates, which are more urgently needed in the shipbuilding industry. It is said that the pipeline probably will carry more fuel oil than gasoline.

This action came after Mayor LaGuardia of New York City had appeared earlier the same day (June 10) before a Senate Commerce sub-committee to warn that unless the gasoline and fuel oil shortage in the East was solved before winter a major catastrophe might develop in the form of a breakdown in the safety and health of the people of these areas.

In Associated Press accounts from Washington June 11, WPB officials stated that the proposed pipeline's capacity may be stepped up ultimately from 300,000 to 450,000 barrels a day. It was added that cost of the line from Longview, Tex., to the vicinity of Salem, Ill., is expected to be $35,000,000 or $40,000,000, but that estimate may be a "little high."

Defense Petroleum Coordinator Harold Ickes had proposed the construction of the 1,500-mile Texas-to-New York pipeline last July but the Supply, Priorities and Allocations Board in September refused to grant priority ratings for the steel; referred to in these columns of Sept. 18, page 198.

Indicating that criticism of the WPB decision in favor of a pipeline from Texas to Southern Illinois or Indiana was voiced on June 11 by some industry experts familiar with the problem of supplying the Eastern rationing area, the New York "Journal of Commerce" of June 12 further stated in part:

Others were willing to consider it a hopeful beginning, although they emphasized that it would not be sufficient to assure even the essential supplies in this district. Washington officials, meanwhile, were working on the details of the project which will be a Government undertaking rather than one of the industry as originally planned. A larger capacity for the line also was considered possible by the officials.

The critics of the project pointed out that transportation of oil from the Eastern end of the line to the consuming area was probably more difficult than would be the transport of the oil by tank car and barge over the stretch to be covered by the approved part of the line. Thus, they say, it would have been far more logical to build a line from the Mid-Continent area to the East, if the whole Texas-New York line could not be approved at once.

Renew Effort To Get Govt. Bureaus For NY

Neal Dow Becker, newly elected President of the Commerce and Industry Association of New York, Inc., announced on June 10 that one of his chief interests at the outset would be to carry on with renewed vigor the Association's effort to have the Federal Government give more consideration to New York City in the decentralization of many of Washington's bureaus, agencies and commissions. Mr. Becker's election as President of the Association was noted on page 2203 of our June 11 issue.

The Commerce and Industry Association, in cooperation with the New York City Department of Commerce and local civic organizations, for several months, has been carrying on a campaign to transfer Government bureaus to New York. The effort has met with fair success, the Association reports, and it adds:

However, there still are many Government agencies to be removed from overcrowded Washington and the Association feels that New York City should be the choice of the Government officials in designating relocation.

A recent survey made by the Association among renting agents showed there is for rent in Manhattan alone more than 8,000,000 square feet of office space and that there is a vast surplus of dwelling space in apartments, and in one and two-family houses. Rental rates are within the means of Government employees. Washington hotels are jammed at all times while there is always available hotel accommodation here.

The survey estimated that it would take several thousand additional employees to fill up the unused office space in the financial district in New York alone.

"In the relocation of Washington bureaus, New York City is the reasonable and logical selection," said Mr. Becker. He went on to say:

It is handy to Washington and offers the best comfort and working conditions for employees. The city has an unprecedented amount of vacant office space available in modern buildings uptown and downtown. There is no housing shortage here. Transportation facilities to any part of the city or Nation are unsurpassed. New York City is the most suitable place for the relocation of Washington bureaus from every viewpoint and such transfers would be mutually advantageous to the Federal Government and to the City of New York.

War Risk Ins. Fund Upped

President Roosevelt signed on June 5 the resolution appropriating an additional $210,000,000 for the marine and war-risk insurance fund of the War Shipping Administration. The appropriation is designed to augment the original fund of $40,000,000 provided in July, 1940. At the current rate of ship sinkings it is estimated that the fund is liable for more than a ship a day. It is expected that the added funds, together with moneys on hand and current premiums, will be sufficient to meet requirements for from eight months to one year.

The House passed the legislation on May 21 and the Senate on May 28, as noted in our issue of June 4, page 2129.

Planting Completed In Guayule Rubber Plan

Completion of spring nursery planting for the guayule rubber production project is reported by the U. S. Department of Agriculture. The sowing of 21,000 pounds of seed in 520 acres of nursery beds at Salinas, California, had to be completed before the start of the dry season, according to the Department's advices, which further said in part:

The nursery planting, accomplished in two month's time, took all available seed acquired from the Inter-continental Rubber Co., and will provide enough seedling plants for about 50,000 acres of field plantations next winter.

The job, handled by the Forest Service, required in addition to seed treatment and sowing, an overhead irrigation system with 100 miles of pipe and duckboard tracks for machinery between nursery beds with enough boards laid end to end to reach one-third of the way across the United States. A seed-treating plant, equipment sheds, bunkers for 80 carloads of sand, five special planting machines, and a camp to house 1,000 workers have been constructed.

In addition to the nursery sowing, 900 acres of field planting, with 10,500,000 seedlings acquired from the Inter-continental Company, was completed in April. More than 15,000 plants were set out on the afternoon of March 5, the day the President signed the act authorizing the project. A very high percentage of survival is indicated, according to Regional Forester Evan W. Kelley, director of the project.

For the field planting program next fall and winter, a preliminary survey of regions suitable for guayule cultivation is being made in California, Texas, Arizona, and New Mexico. The planting of seedlings on 74 test plots in those States was completed a month ago.

It is anticipated that taking up seedlings in the nursery beds, for planting some 50,000 acres of leased land, will begin in late November. Between then and next April, 100 seedlings will have come out of the ground and be shipped and field-planted every second of every 10-hour working day during the planting season. If the seedlings were transported by rail, two freight trains of about 100 cars each would be required.

The passage by Congress of the so-called Guayule Rubber Production Act was noted in our March 12 issue, page 1062. In its advices of June 9 the Department of Agriculture stated that about 500 pounds of Russian dandelion (kok-saghyz) seed received by the Bureau of Plant Industry from Russia are being planted at Agricultural Experiment Stations and Forest Service nurseries in several northern States. The Department added:

This plant is harvested at the end of the first growing season, and is grown on about 2,000,000 acres annually in the Soviet Union. It yields from 30 to 60 pounds of rubber per acre per year. The Bureau of Agricultural Chemistry and Engineering is testing large quantities of rabbitbrush collected by rangers on western National Forests to determine the possibilities of extracting rubber from this common range shrub and to help determine the varieties with the highest rubber content.

A report from a Department representative in Mexico indicates increasing production of rubber from the wild guayule shrub there.

President Roosevelt Reveals 15-Months' Lend-Lease Aid Totals $4½ Billions

In submitting to Congress his fifth quarterly report on lend-lease operations, President Roosevelt on June 15 said that "lend-lease is no longer one way" since those who have been receiving aid have taken the initiative in reciprocating. The President reported that lend-lease aid in the 15-month period, March, 1941, through May 1942, totaled $4,497,000,000 in goods and services and is now being made available at a monthly rate equivalent to $8,000,000,000 a year.

In his letter transmitting the report, Mr. Roosevelt said that the United States' "reservoir of resources is now approaching flood stage" and that the next step is for the experts "to direct its full force against the centers of enemy power."

Pointing out that the United Nations are being equipped "to fight this world-wide war on a world-wide basis," the President stated that "by combined action now we can preserve freedom and restore peace to our peoples" and "by combined action later we can fulfill the victory we have joined to attain."

The President's breakdown of the figures showed that articles transferred so far were valued at $2,301,000,000 of which $2,138,000,000 worth had been exported. Another $231,000,000 worth of goods is awaiting transfer or use and $841,000,000 worth of articles are in process of manufacture. A total of $824,000,000 has been spent in servicing and repairing ships and other war production facilities in the United States, and for the rental of ships, ferrying of aircraft, etc.

Of the total aid of $4,497,000,000 extended in the 15 months, $1,927,000,000 was granted in the quarter ended May 31, 1942.

In his report, Mr. Roosevelt emphasized that the battle of production "is on the way to being won" and that "the battle of distribution is in its critical phase." He declared:

> The pressing immediate problem is to distribute our weapons where the need is greatest, and to get them there in sufficient quantities in the shortest time.

The President's report for the first time noted that the lend-lease program is not only serving as a major factor in the effort to win the war but is also emerging "as a factor in the combined effort of the United Nations to weave a pattern for peace." He stressed the fact that the basic agreements on lend-lease settlements after the war is over express the United Nations' intention "to avoid the political and economic mistakes of international debt experience during the Twenties."

On the matter of "Lend-Lease and the Peace," the President said:

> The lend-lease program has already become a prime mechanism in the combined efforts the United Nations are making to win the war. The program of lend-lease agreements is also emerging as a factor in the combined effort of the United Nations to weave a pattern for peace. Those agreements are taking shape as key instruments of national policy, the first of our concrete steps in the direction of affirmative post-war reconstruction.
>
> The agreement with Great Britain was signed on Feb. 23, 1942. On June 2, 1942, an agreement was made with the Republic of China embodying the same terms. On June 11, 1942, a similar agreement was signed with the Union of Soviet Socialist Republics. The provisions of these agreement are now being offered to our other allies receiving lend-lease assistance.
>
> These basic lend-lease agreements place the problem of the peacetime settlement in a realistic and appropriate setting. The agreements postpone final determination of the lend-lease account until "the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests" of the signatory nations, and which "will promote the establishment and maintenance of world peace." Final settlement has been postponed since the course of the war may further change the complexion of the issue.
>
> We are now in the war, as we were not in March, 1941, when the Lend-Lease Act was passed. We have pledged our resources without limit to win the war, and the peace which will follow it. We look forward to a period of security and liberty, in which men may freely pursue lives of their choice, and governments will achieve policies leading to full and useful production and employment. If the promise of the peace is to be fulfilled, a large volume of production and trade among nations must be restored and sustained. This trade must be solidly founded on stable exchange relationships and liberal principles of commerce. The lend-lease settlement will rest on a specific and detailed program for achieving these ends, which are, as Article VII of the agreements with Great Britain, China and Russia point out, "the material foundations of the liberty and welfare of all peoples."
>
> Cooperative action among the United Nations is contemplated to fulfill this program for economic progress, in the many spheres where action is needed. It is hoped that plans will soon develop for a series of agreements and recommendations for legislation, in the fields of commercial policy, of money and finance, international investment and reconstruction.
>
> Article VII of each of the basic agreements pledges that "the terms and conditions" of the final determination of the benefits to be provided the United States in return for aid furnished under the act "shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations." By this provision we have affirmatively declared our intention to avoid the political and economic mistakes of international debt experience during the twenties.
>
> A lend-lease settlement which fulfills this principle will be sound from the economic point of view. But it will have a greater merit. It will represent the only fair way to distribute the financial costs of war among the United Nations.
>
> The real costs of the war cannot be measured, nor compared, nor paid for in money. They must and are being met in blood and toil. But the financial costs of the war can and should be met in a way which will serve the needs of lasting peace and mutual economic well-being.
>
> All the United Nations are seeking maximum conversion to war production, in the light of their special resources. If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay. And although the nations richest in resources are able to make larger contributions, the claim of war against each is relatively the same. Such a distribution of the financial costs of war means that no nation will grow rich from the war effort of its allies. The money costs of the war will fall according to the rule of equality in sacrifice, as in effort.

The text of President Roosevelt's letter to Congress accompanying the report was as follows:

> To the Congress of the United States of America:
>
> This is the fifth 90-day report to the Congress on operations under the Lend-Lease Act.
>
> For the three months ending May 31, 1942, lend-lease aid amounted to more than $1,900,000,000. For the fifteen-month period from March, 1941, through May, 1942, aid totaled $4,497,000,000 in goods and services. We are now making aid available at a monthly rate equivalent to $8,000,000,000 per year.
>
> Dollars figures do not portray all that is happening. The Congress has wisely set few limits to the types of aid which may be and are being provided. Food, over 5,000,000,000 pounds, and medicine have helped to sustain the British and Russian and Chinese peoples in their gallant will to fight. Metals, machine tools and other essentials have aided them to maintain and step up their production of munitions.
>
> The bombardment planes and the tanks which were ordered for them last Spring and Summer are now putting their mark on the enemy. The British pilots trained in this country have begun their work at Cologne and Essen.
>
> And lend-lease is no longer one way. Those who have been receiving lend-lease aid in their hour of greatest need have taken the initiative in reciprocating. To the full extent of their ability, they are supplying us, on the same lend-lease basis, with many things we need now.
>
> American troops on Australian and British soil are being fed and housed and equipped in part out of Australian and British supplies and weapons. Our Allies have sent us special machine tools and equipment for our munitions factories. British anti-aircraft guns help us to defend our vital bases, and British-developed detection devices assist us to spot enemy aircraft. We are sharing the blueprints and battle experience of the United Nations.
>
> These things, invaluable as they have proven, are not the major benefit we will receive for our lend-lease aid. That benefit will be the defeat of the Axis. But the assistance we have been given by our partners in the common struggle is heartening evidence of the way in which the other United Nations are pooling their resources with our own.
>
> Each United Nation is contributing to the ultimate victory not merely its dollars, pounds or rubles, but the full measure of its men, its weapons and its productive capacity.
>
> Our reservoir of resources is now approaching flood stage. The next step is for our military, industrial and shipping experts to direct its full force against the centers of enemy power. Great Britain and the United States have together set up expert combined bodies to do the job, in close cooperation with Russia, China and the other United Nations.
>
> They are equipping United Nations to fight this world-wide war on a world-wide basis. They are taking combined action to carry our men and weapons, on anything that will float, or fly, to the places from which we can launch our offensives.
>
> By combined action now, we can preserve freedom and restore peace to our peoples. By combined action later, we can fulfill the victory we have joined to attain. The concepts of the United Nations will not perish on the battlefields of this terrible war. It will live to lay the basis of the enduring world understanding on which mankind depends to preserve its peace and its freedom.
>
> FRANKLIN D. ROOSEVELT.
> The White House, June 11, 1942.

British-U. S. Policy On War Risks Compared

(Continued from First Page)

ments in productive activities can therefore be made with relatively great assurance that they can be paid for by wartime profits if postwar losses destroy the investment values.

The opposite condition exists in the United States. Undepreciated equipment purchased in wartime may become postwar losses. Wartime inventories, especially inventories-in-process, may suffer serious postwar depreciation in value. Retooling and converting plants and equipment from wartime to peacetime activities involve substantial costs. Civilian markets must be reestablished. All these costs and losses may be concentrated in one or a few postwar years during which period there may be no war profits to offset them. Under a 90% to 100% excess-profits tax rate, the government takes virtually all the profits on increased production, while enterprise stands practically all the risk. This could be corrected by adopting the British procedure of carrying postwar losses back to offset war profits and of providing refunds on the basis of such carrybacks. It could also be corrected in part by providing postwar refunds of a specified proportion of wartime taxes. It is doubtful, however, whether it would be politically possible to provide sufficient refunds to compensate adequately for the risks involved unless these refunds were based, in part at least, on postwar losses.

In addition to minimizing the risks, the British system provides a positive incenitve in the form of a postwar refund of 20% of the wartime excess-profits tax. Opinions will undoubtedly differ as to whether 20% is an appropriate incentive, or whether it should be more or less, but the British tried the excess-profits tax at 100% without any postwar monetary incentive and concluded that it interfered with production for the war.

If American industry is forced to allocate its profits to the war period and pay 90% to 100% taxes on them while it faces serious postwar risks with no prospects of relief, the effect may be quite serious to war production.

Government Must Comply With Price Ceilings

The Government may not violate its own price ceilings and has been directed to refund money it got from selling some things at prices above the limits set by the Price Administrator, under a ruling issued on June 5 by Lindsay C. Warren, Comptroller General. Mr. Warren, according to the Associated Press, said he did not know how much money was involved, but a few instances had come to light in which the Government had accepted bids for surplus items, particularly scrap paper, which were higher than price ceilings.

Treasury To Offer $1.5 Billion Issue

Secretary of the Treasury Morgenthau announced on June 15 that the Treasury plans to borrow $1,500,000,000 of "new money" this morning (June 18). The details of this open market borrowing as to the type of security and the terms of the offer were not made public at the time of the disclosure. It is generally expected in the market that the offering will consist of certificates of indebtedness—issuance of this type of obligation was resumed by the Treasury in April when $1,500,000,000 of 6½-month ½% certificates were sold. The last time they were previously offered was in 1934.

This new offering will be the final large one for the current fiscal year, Mr. Morgenthau explained, adding that the weekly offering of $300,000,000 of Treasury bills will continue. These bill offerings provide the Treasury with $150,000,000 in "new money" weekly.

Urge Tax Exemption Of Insurance Premiums

It is announced that leaders in life insurance circles both in Chicago and nationally are endorsing the resolution presented by Director Paul F. Jones, of the Illinois Department, before the National Association of Insurance Commissioners at their Convention at Denver. The resolution urges legislation that would permit the 60,000,000 life insurance policyholders in the United States to deduct life insurance premium payments from their Federal income tax return. The resolution presented by Director Jones follows:

> Whereas, the President and Congress are seeking legislation that will produce needed revenue for the war effort and at the same time enable our people to increase their savings and halt expenditures for consumer goods not essential to the requirements of our people;
>
> And whereas, the 60,000,000 life insurance policyholders in the United States should be encouraged to protect their future and that of their dependents through life insurance accumulations and thereby strengthen the basic economy of the nation and preserve the American tradition of free enterprise and self-reliance;
>
> Now therefore, be it resolved that this 73rd Convention of the National Association of Insurance Commissioners, endorses the principle of exempting from taxation premium payments on life insurance;
>
> Be it further resolved, that this Convention respectfully urges the Congress to enact measures exempting from the payment of Federal income taxes, such portion of life insurance premiums paid as may be just and equitable.

N. Y. P. O. Service Emblem

A Service Emblem in honor of more than 900 employees of the New York Post Office now serving in the armed forces has been placed over the main entrance of the General Post Office on Eighth Avenue, 31st to 33rd Streets. It was unveiled with appropriate ceremonies on June 8.

Pig Iron Statistics Not Published

Upon request of the Office of Censorship figures showing monthly production of pig iron will be omitted for the duration. The last statement, that for March, 1942, was given in the "Chronicle" of April 16, page 1551.

Agricultural Department General Crop Report As Of June 1

The Department of Agriculture at Washington on June 10 issued its crop report as of June 1, 1942. The estimated production of winter wheat is now placed at 646,931,000 bushels, which compares with the Department's estimate of 646,875,000 bushels a month ago and with a harvest of 671,293,000 bushels last year. Below is the report in part:

Crops and pastures have made a favorable start in nearly all States. As usual some areas have been too wet and some too dry but prospects have rarely averaged better at this season of the year. Half of the States reported crop prospects on June 1 at least as good for that date as in any of the past four years and only half a dozen States reported prospects below the four-year average for June 1. With adequate rainfall and good growing conditions in so much of the country, pastures have an excellent start and their condition averages higher than in any previous month since July, 1927. Prospects for both crops and pastures probably improved during the first part of June as a result of well distributed rains.

While definite forecasts of total crop production can hardly be made till plantings of late crops have been completed and growth of early crops is further advanced, present conditions fully support earlier expectations of increased plantings and light abandonment. Growing conditions are so generally favorable that another year of heavy production of crops and livestock seems probable. If the weather continues favorable, previous records of agricultural output in the United States may be considerably exceeded.

Not all crops or all States have been favored. In some of the Mountain States late frosts and cool weather have retarded growth and the area from central Colorado southward and southwestward is now in need of rain. Nevertheless, in most of the West crop prospects are good, ranges are in better than average condition and there are adequate supplies of water for irrigation. Crops are poorest in northeastern Texas and southeastern Oklahoma. There, a large acreage of oats and barley and some wheat was destroyed by aphides or "green bugs," and other crops have had a poor start because of excessive rain. In other portions of the South growing conditions were somewhat uneven and not much above the average at the same season in the last several years. On the other hand, crop prospects in the northern half of the country and on the Pacific Coast were mostly good to excellent except in limited areas where the frequent rains have interfered with the planting and cultivating of crops.

With the growth of early hay crops and small grains well advanced and harvesting begun, there seems justification for expecting good yields of these crops in the main producing areas. An excellent crop of hay seems assured. Even allowing for some shortage of labor for haying, the crop is likely to be one of the largest yet produced and it could easily top previous records. In addition, judging from present moisture conditions, a rather large tonnage of sorghum forage is likely to be produced.

Small grain yields are much less certain this early in the season but present indications are that the yield of winter wheat will be above the 1930-39 average in all except three States. In the Great Plains area where the droughts were most severe, the wheat yield will probably be more than 35% above the average for the decade. With light abandonment and good yields partially offsetting the reduction in the acreage seeded, winter wheat production is expected to be about 647,000,000 bushels, only 4% less than production last year. Spring wheat has made a good start except where seeding was delayed by wet weather. It is well supplied with moisture at present and the reported condition is the highest for June 1 since 1923. With light abandonment and a good yield the most likely prospect, spring wheat is expected to push total wheat production to nearly 870,000,000 bushels. Allowing for stocks on hand this would indicate a record supply of wheat.

The oats crop was nearly a complete failure in parts of Texas and Oklahoma, but prospects are generally favorable in the Corn Belt States and total production is expected to be 1,252,000,000 bushels which would be slightly above production in any of the last 10 years. Barley production seems likely to pass the 400,000,000-bushel mark for the first time, and 76,000,000 bushels from last year's crop is still held on the farms. The rye crop is estimated at more than 54,000,000 bushels, a volume exceeded only twice since the 1917-24 period of heavy exports.

Prospects for fruit production are still indefinite but the reports received seem to indicate that the total output is likely to be moderately above average. Citrus fruits for harvest this summer will be in smaller supply than last year but the orange and grapefruit crops that will begin to move next fall are likely to be large. Apples show only average prospects, partly because of unfavorable weather at blooming time in the northeastern and north central States. The production of peaches, pears, cherries and California plums is expected to be well above average, but apricot production is expected to be slightly below average and dried prune production materially less than average.

Prospects for vegetable crops have improved moderately. The production of commercial truck crops in the areas shipping during June is expected to be nearly 7% above production in the same areas last year. Plantings of cabbage and onions in late States have been increased. The vegetable areas along the Atlantic Coast from Virginia to central New Jersey have been suffering from lack of rain. Early reports on the principal vegetables for canning and freezing indicate about normal progress with some setbacks from dry weather along the Central Atlantic Coast but generally favorable conditions in Northern States.

Corn

Planting of corn was delayed from a few days to as much as three weeks by cool, wet weather. However, rapid progress was made toward the end of May so that by June 1 most of the crop was planted, except in South Dakota where the delay was serious. There was considerable replanting necessary in many States as a result of excessive rains and poor germination. In the Corn Belt, corn is not in as good a condition as a year ago, but it is better than at the same time in 1940. On the whole, however, the crop was making satisfactory progress despite delayed planting. The percentage of the crop planted with hybrid seed is expected to show an increase again this year, ranging from moderate increases in the central Corn Belt to sizable increases in surrounding States.

Wheat

The total wheat production of 868,059,000 bushels indicated June 1 is 8% less than the 945,937,000 bushels crop last year, but is substantially above the 10-year (1930-39) average of 747,507,000 bushels.

The indicated winter wheat production of 646,931,000 bushels is about 4% less than last year's crop of 671,293,000 bushels, but 14% above the 10-year average of 569,417,000 bushels. During May winter wheat had, in most sections, the moisture supply needed to sustain the heavy plant growth that developed under the wet, cool conditions of April. The moisture supply during May, however, was less than needed in a part of the southwestern hard red winter wheat States, including the southwestern part of Kansas, the Panhandle areas of Oklahoma and Texas, and eastern New Mexico and Colorado. In that area surface moisture was becoming depleted by the end of May by dry winds and heavy plant growth, and a critical surface moisture condition was developing. Moisture conditions in much of that area have improved, however, since June 1. Prospects improved during May in the northern Plains States and the northwest. In the southeastern soft red winter wheat States the dry conditions during April shortened the straw, but heads are filling well and prospects in general improved during May.

The indicated probable yield of 17.8 bushels per acre compares with 17.0 bushels last year, and the 10-year average of 14.4 bushels. The deterioration of the crop in the southwestern hard red winter wheat States with too scant surface moisture during May amounted to a half bushel per acre decline in yield prospects in Texas, Oklahoma and Colorado and 6/10ths of a bushel in Kansas. In spite of the decline from the earlier yield prospects in this area, June 1 indicated yields are above average in all winter wheat States excepting Illinois, Missouri and Arizona. In most of the soft red winter wheat States, east of the Missouri River, indicated yields are above those forecast May 1 by 0.5 to 1.5 bushels per acre. In the Northwestern States increases in yields ranged from 0.5 to 2.0 bushels per acre.

The indicated production of all spring wheat as of June 1 is 221,128,000 bushels. This forecast is based on the intended acreage as published in the March Prospective Plantings report and prospective yields based on June 1 conditions. Indicated June 1 yields are above average in practically all States. The indicated 1942 production represents a sharp decrease from last year's production of 274,644,000 bushels due largely to reduced acreage, but is well above the 10-year average production of 178,090,000 bushels. The 89% condition of spring wheat is the highest for June 1 in 19 years. On the same date last year it was 87% and the 10-year average is 74%. Although the early cold, wet weather delayed spring wheat planting somewhat and early growth was slow, the moisture situation in the principal spring wheat States is unusually promising. The yield indicated by June 1 condition is 14.4 bushels per seeded acre, the highest in 14 years.

Oats

Based on the prospective acreage reported in March, the June 1 condition of oats indicates a production of 1,252,380,000 bushels, compared with the 1941 production of 1,176,107,000 bushels and the 10-year (1930-39) average of 1,007,141,000 bushels.

Except in the Northeast, some North Central States, and in the Pacific Coast area, oats on June 1 were somewhat less promising than the crop harvested in 1941. However, June 1 indicated yields were above those of the 10-year (1930-39) average in all but a few States. Oklahoma and Texas reported severe damage and considerable abandonment of both spring and winter oats acreage due to green bugs. In the West North Central States, indicated oats yields are above average in all States and above last year in all except North Dakota and Nebraska, where late seeding and continued cool, wet weather have retarded growth. In the eastern Corn Belt States, the crop was planted rather late. It was retarded in some States by dry weather in late April, but generally improved in May, with the earlier fields headed out.

Outside of the important Corn Belt area, May weather was too wet and cool for oats over most of the Northern States. Excessive moisture combined with cool weather resulted in a late start of the crop in the Northern Rocky Mountain States. Plantings were late in some Eastern States.

Harvesting of winter oats is now under way in the Southern States. Yields are running well below average in the Texas-Oklahoma Panhandle due to green bug damage. They are exceptionally good in Arkansas, well above average in Louisiana and Mississippi, and slightly above average in the other Southern States.

Barley

The production of barley indicated by condition as of June 1 is 401,843,000 bushels, about 43,000,000 bushels, or 12% more than the production in 1941. Condition on June 1 was reported at 84% of normal, compared with 83% in 1941 and 77%, the 10-year (1930-39) average. Yields above the 10-year average on seeded acreage are in prospect in all important barley producing States except Illinois, Missouri, Texas, and Maryland. Green bugs have severely damaged the crop in Texas and Oklahoma. Although the crop in the North Central States made a slow start due to the cold spring, recent warm weather has caused rapid improvement. Indicated yields in all States east of the Mississippi River equal or are better than in 1941 except in Indiana, Illinois, and Kentucky. Indicated yields west of the Mississippi are generally below the 1941 yields except in Iowa, South Dakota, California, and Arkansas.

Farm stocks of barley on June 1 totaled 76,260,000 bushels, or 21.3% of the 1941 production, and were nearly 11,000,000 bushels more than the June 1 farm carryover in 1941.

Rye

Continued excellent prospects for rye now indicate a crop of 54,397,000 bushels, the largest crop since 1938. This indicated production is 20% larger than last year and 41% above the 10-year (1930-39) average. The estimated yield of 14.4 bushels per acre is the highest since 1927 and exceeds the 10-year (1930-39) average by more than three bushels per acre. Above average yields are expected for all States. May weather in the leading rye States was favorable for development of the crop which is largely in the headed stage at this time. Prospects improved since May 1 in South Dakota and Wisconsin and continued very favorable in North Dakota, Minnesota, and Nebraska. In States east of the Mississippi River, the yield outlook was mostly better than a month ago. However, dry weather in Kansas, Oklahoma, and Texas caused some decline in prospects for these States but above average yields are still expected.

Farm stocks of old rye on June 1, 1942, amounted to 13,795,000 bushels, or about 18% below the 16,840,000 bushels on farms a year earlier, but 60% above the six-year (1934-39) average June 1 farm stocks of 8,637,000 bushels.

Early Potatoes

The June 1 average condition of early potatoes in the 10 Southern States and California was the same as that of May 1. Slight declines were reported for North Carolina, Mississippi, Arkansas, Florida, Oklahoma, and Texas but these were offset by improvement in the crops in Georgia, Alabama, Louisiana, and California. South Carolina remained unchanged. Condition in these 11 States on June 1 averaged 78% compared with 68% on June 1, 1941, and the 10-year (1930-39) average of 73%. Production of the early **commercial** crop in these States and Tennessee is indicated to be 27,555,000 bushels compared with 28,064,000 bushels produced last season. Production of early commercial potatoes in the intermediate States of Georgia (north), Kansas, Kentucky, Missouri, Virginia, and Maryland is indicated to be 8,703,000 bushels compared with 8,560,000 bushels last year.

FDR Calls On People To Turn In Old Rubber

President Roosevelt, in a 5-minute radio talk on June 12, inaugurated the campaign to collect old and discarded rubber articles—setting aside as the collection period the two-weeks from June 15 to 30. The President urged the people to make an active search for articles of rubber and to take them to the nearest gasoline filling station where one cent a pound will be paid.

In his talk Mr. Roosevelt explained that it was necessary to know how much used rubber there is in the country in order that plans may be made accordingly "for the best use of the rubber we have." Pointing out that 92% of our normal supply of rubber has been cut off by the Japanese, the President stated that the situation is serious because "modern wars cannot be won without rubber." He further said that while a stockpile had been built up before the war started and that a synthetic rubber industry is now being built up, neither nor both together "will be enough to provide for the needs of our great new Army and Navy plus our civilian requirements as they now exist."

The President gave these two "simple rules" for the rubber emergency:

1. Turn in all the old rubber—anywhere and everywhere.

2. Cut the use of your car—save its tires by driving slowly and driving less.

A White House statement regarding the drive, said:

In attempting to deal with the rubber problem, the government must count on the scrap rubber which has been collected or which plainly can be collected.

The Army and Navy have already been forced to cut their use of rubber by 25%. If the collection campaign yields a large amount of rubber, it may be possible to protect the country's military supply of rubber, as well as help meet essential civilian needs.

It is hoped that the campaign will recover most of the nation's hidden stocks of used, outworn or discarded rubber items. The drive is aimed not only at collecting worn-out tires and tubes but also such items as rubber mats, rubber-soled shoes, old hot-water bottles, jar rings, raincoats, rubber ashtrays and hundreds of other articles made in whole or in part of rubber.

Plans for the rubber scrap campaign were referred to in our June 11 issue, page 2198.

The President's radio talk on rubber follows:

I want to talk to you about rubber—about rubber and the war — about rubber and the American people.

When I say rubber I mean rubber. I don't mean gasoline. Gasoline is a serious problem only in certain sections of the country.

But rubber is a problem everywhere—from one end of the country to the other—in the Mississippi Valley as well as in the East—in the oil country as well as in the corn country or

the iron country or the great industrial centers.

Rubber is a problem for this reason—because modern wars cannot be won without rubber and because 92% of our normal supply of rubber has been cut off by the Japanese.

That is serious. It would be more serious if we had not built up a stockpile of rubber before the war started: if we were not now building up a great new synthetic rubber industry. That takes time, so we have an immediate need.

Neither the stockpile, nor the synthetic plants which are now being built, nor both together, will be enough to provide for the needs of our great new Army and Navy plus our civilian requirements as they now exist.

The Armed Services have done what they can. They have eliminated rubber wherever possible. The Army, for example, has had to replace rubber treads with less efficient steel treads on many of its tanks. Army and Navy estimates of use of rubber have had to be curtailed all along the line.

But there is a limit to that.

You and I want the finest and most efficient Army and Navy the world has even seen — an Army and Navy with the greatest and swiftest striking power. That means rubber—huge quantities of rubber — rubber for trucks and tanks and planes and gun mounts — rubber for gas masks and rubber for landing boats.

But it is not the Army and Navy alone which need rubber. The process of production also needs rubber. We need rubber to get our war workers back and forth to their plants—some of them far from workers' homes. We need rubber to keep our essential goods and supplies moving.

All this adds up to a very serious problem — a problem which is a challenge to the sound judgment of the government and to the ingenuity of the American people. It is a problem we Americans are laboring to solve—a problem we will solve.

But there is one unknown factor in this problem. We know what our stockpile is. We know what our synthetic capacity will be. But we do not know how much used rubber there is in the country—used rubber which, the country—used rubber which, reclaimed and reprocessed, can be combined with our supplies of new rubber to make those supplies go farther in meeting military and civilian needs.

Specifically, we don't know how much used rubber there is in your cellar—your barn—your stock room—your garage—your attic.

There are as many opinions as there are experts, and until we know we can't make our plans for the best use of the rubber we have.

The only way to find out is to get the used rubber in where it can stand up and be counted. And that precisely is what we propose to do.

We are setting aside the two weeks period from June 15 to June 30—from 12:01 a.m., June 15 to 12:00 midnight, June 30—to get the old rubber in.

We have asked the filling station operators — the thousands upon thousands of citizens who operate gas stations and garages from one end of the country to the other—to help. And they have generously and patriotically agreed to help; they and the oil companies which serve them.

They have agreed to take the old rubber in and to pay for it at the standard rate of a penny a pound—an amount which will later be refunded to them by the government.

I know that I don't need to urge you to take part in this collection drive. All you need to know is the place to take your rubber and the time to take it there—and the fact that your country needs it.

We do not want you to turn in essential rubber that you need in your daily life—rubber you will have to replace by buying new things in the store. We do want every bit of rubber you can possibly spare—and in any quantity—less than a pound—many pounds. We want it in every form—old tires, old rubber raincoats, old garden hose, rubber shoes, bathing caps, gloves—whatever you have that is made of rubber. If you think it is rubber, take it to your nearest filling station.

Once the rubber is in, we will know what our supplies of used rubber are and we will make our plans accordingly. One thing you can be sure of—we are going to see to it that there is enough rubber to build the planes to bomb Tokyo and Berlin—enough rubber to build the tanks to crush the enemy wherever we may find him—enough rubber to win this war.

Here are two simple rules for this rubber emergency.

1. Turn in all the old rubber—anywhere and everywhere.

2. Cut the use of your car—save its tires by driving slowly and driving less.

I know the nation will respond.

90% of NAM Members In War Bond Plans

More than 90% of the member plants of the National Association of Manufacturers are participating in War Bond and Stamp purchase plans, William P. Witherow, N. A. M. President, reported on June 14. Basing his statement on preliminary information from 55% of the Association's 8,000 members, Mr. Witherow indicated that latest tabulations continue to show "impressive" support for the war financing campaign. The report, tendered to Secretary of the Treasury Morgenthau, was coupled with an appeal to all Association members for 100% support of the Government's voluntary payroll deduction plan which is now being used by 75% of the reporting companies. The other 16% of the reporting companies are using a variety of plans other than voluntary payroll deductions.

Lauding the Secretary's efforts, Mr. Witherow said:

It is good personal finance because it provides a safe investment which helps to curb the inflationary tendency of wartime operations; it is good patriotism because the money thus invested goes for war equipment to uphold our magnificent fighting forces on the far flung battle lines; it is good democracy because you have wisely placed it on a voluntary basis and the voluntary assumption of responsibilities is a hallmark of democracy.

Predicting an even more impressive record for the future, Mr. Whiterow's letter of transmittal read in part:

I believe you will also be gratified by the deduction drawn by our statisticians from the comments accompanying the returns from many companies—namely, that the payroll deduction plan is just on the threshold of even more spectacular success; that the extent of employee participation is just now gathering real momentum. These trained statisticians are unanimous in thinking that the future months will see a far more impressive record.

Supreme Court Rules Over-Time Pay Should Be 150% Of Regular Pay Rate

Ruling on the requirement in the Wage-Hour Law calling for the payment of overtime beyond 40 hours a week, the United States Supreme Court on June 8 held that an employee should be paid 150% of his regular pay rate, and not 150% of the Act's minimum pay provisions. Thus, the Court is said to have ruled, no matter how far a worker's regular pay exceeded the minimum, he still would be entitled to time-and-a-half pay for overtime. At the same time, however, said the Associated Press in reporting the Court's conclusions, the Court upheld a system by which an employer contracted to pay his employees a fixed sum each week, the amount being designed to cover overtime at the statutory time-and-a-half rate but the fixed sum to be paid for either a regular or an overtime week. It said there was no hard-and-fast rule for determining "regular" pay. The Associated Press, in its Washington advices June 8, further said:

The Court found that Congress intended the Wage-Hour Act to penalize employers working their men more than 40 hours a week, observing that "reduction of hours was a part of the plan from the beginning." This purpose had been denounced by a litigant as "square in the face of the needs of national defense."

The decisions, interpreting the law's overtime pay provisions for the first time were made in two cases which may be summarized as follows:

(1) The Overnight Motor Transportation Company, of Baltimore, employed William H. Missel at $27.50 a week. His hours were variable, but he averaged 65 a week, and sometimes worked 80. The law then fixed 25 cents an hour as the minimum wage and Missel got nothing extra for overtime because the company contended it already was paying him more than required, figuring 40 hours at 25 cents, or $10, plus 40 more at 37½, or $15, totaling $27.

Under the Court's ruling, however, Missel's regular pay was $27.50 for 40 hours. Since this came to about 68 cents an hour, he would be entitled to pay at the rate of $1.02 an hour for hours beyond 40. The Court (8 to 1) upheld Missel's right to claim damages equal to the overtime pay even though the employer acted in good faith;

(2) The A. H. Belo Corporation, publisher of the Dallas (Texas) "Morning News" and owner of Radio Station WFAA, contracted with its employees when the wage-hour law took effect to continue paying them their existing salaries for their existing hours. The contracts stipulated an hourly rate, obtained in most cases by dividing the guaranteed weekly salary by 60.

Thus, if a man's salary was $60 a week his regular hourly rate would be $1 and his overtime rate $1.50. If he worked 40 hours he would get the full $60, but he might be required to work up to 53 hours for the same pay, since 40 hours at $1 and 13 hours at $1.50 would come to only $59.50. But if he worked 54 hours or more he would get more than $60.

The Court, in a 5-to-4 decision, found that this complied with the law.

Justice Byrnes, in the majority decision, said that "nothing in the act bars an employer from contracting with his employees to pay them the same wages that they received previously, so long as the new rate equals or exceeds the minimum required by the act."

"When employer and employees have agreed upon an arrangement which has proven mutually satisfactory," Byrnes wrote, "we should not upset it and approve an inflexible and artificial interpretation of the act which finds no support in its text and as a practical matter eliminates the possibility of steady income to employees with irregular hours."

Justices Reed, Black, Douglas and Murphy dissented, saying that by such a "device" as the Belo contract, "astute management may avoid many of the disadvantages of ordinary overtime, chief of which is definite increase in the cost of labor as soon as the hours worked exceed the statutory workweek."

Justice Reed, who wrote the dissenting opinion in the Belo case, wrote the majority opinion in the Missel case, an 8-1 decision. Justice Robert's dissented, but wrote no opinion.

The Missel decision said that the purpose of the wage-hour act "was not limited to a scheme to raise substandard wages," but that the overtime pay requirement was designed also to apply "financial pressure . . . to spread employment." The law took effect in 1938.

"In a period of widespread unemployment and small profits," Justice Reed said, "the economy inherent in avoiding extra pay was expected to have an appreciable effect in the distribution of available work."

In both cases the Supreme Court upheld the lower courts.

U. S., Russia Sign Lend-Lease Accord

The State Department at Washington announced on June 11 that the United States and the Soviet Union have signed a master lend-lease agreement, providing for reciprocal assistance in winning the war and for cooperation in practical measures for a "new and better world."

The agreement was signed by Secretary of State Cordell Hull and Maxim Litvinov, the Soviet Ambassador.

In announcing the agreement, the State Department described it as "an additional link in the chain of solidarity being forced by the United Nations in their twofold task of prosecuting the war against aggression to a successful conclusion and of creating a new and better world."

The Department's announcement further said:

The agreement reaffirms this country's determination to continue to supply in ever-increasing amounts aid to the Soviet Union in the war against the common enemy. The agreement also provides for such reciprocal aid as the Soviet Union may be in a position to supply. But no matter how great this aid may prove to be, it will be small in comparison with the magnificent contribution of the Soviet Union's armed forces to the defeat of the common enemy.

The agreement with Russia it is understood is similar in essential respects to the lend-lease pact signed with Great Britain on Feb. 23 and with China on June 2. (The text of the British agreement appeared in our issue of March 5, page 953, while signing of the Chinese agreement was noted in these columns June 4, page 2119.)

The proposed draft of the Soviet agreement was handed to Ambassador Litvinov by Secretary Hull on May 26.

A further comment by the State Department on the fact follows:

The agreement signed today adds the Soviet Union to the growing list of countries which have joined in a determination to take practical measures to create a better world hereafter. The agreement does not attempt to foresee or to define precise and detailed terms of settlement. Broad principles are laid down in the agreement designed to prevent any narrowly conceived settlement which might have disastrous effects on the economic welfare of our own people, the Soviet people and the world generally.

Article VII of the new agreement, identical with the wording in the British pact, follows:

In the final determination of the benefits to be provided to the United States of America by the government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end they shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the joint declaration made on Aug. 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom, the basic principles of which were adhered to by the government of the Union of Soviet Socialist Republics, on Sept. 24, 1941.

Main Unit Of Grand Coulee Dam Completed

Completion of the main unit of the Columbia River (Wash.) development project was marked on June 1 when waters poured through the spillways of the Grand Coulee Dam — creating America's mightest waterfall. No formal ceremony was held to hail the eight and one-half years of work on the project. When the spillway gates were opened for the first time, the waterfall created was 1,650 feet wide and 320 feet high, twice the height of the famous Niagara Falls.

From United Press advices of June 2, the following is taken:

Present volume of the waterfalls was computed at 200,000 cubic feet per second, or 1,500,000 gallons. At average flood peak, 530,000 cubic feet per second will roar over the face of the dam.

The huge dam's main task of providing power will not be fully accomplished for six or seven years. It will take that long to install enough huge generators to reach the maximum power production of 2,000,000 kilowatts.

Already, however, three 108,000 kilowatt generators have been installed. They are operating near full capacity, and the power is harnessed to the U. S. war machine, helping produce thousands of pounds of aluminum.

Water from Grand Coulee, over an estimated 35 to 45 years, will change nearly 1,200,000 acres of land—now virtually a desert—to fertile soil. The now barren land will support 25,000 to 40,000 families, engineers predicted.

Retail Prices Record First Decline In Years, According To Fairchild Publications Index

For the first time since July 1, 1938 a decline was recorded for retail prices. The Fairchild Publications retail price index shows a fractional reaction of 0.2% on June 1, 1942 from May 1. However, prices are still 17.5% above June 1, 1941, and 27.3% above the low immediately preceding the outbreak of war in 1939. The reaction of 0.2% follows a gain of 0.8% in April, of 0.5% in March, of 1.5% in February and 1.8% in January.

Under date of June 15, Fairchild Publications further state:

Each of the major groups showed a decline during May, with the greatest reaction in piece goods and men's apparel. Home furnishings showed the smallest decline. In comparison with a year ago piece goods and women's apparel show the greatest gain, and infants' wear the smallest gain. In comparison with the 1939-40 low piece goods and home furnishings still show the greatest gains.

Most of the commodities included in the Fairchild Publications Retail Price Index showed declines during the month. The greatest reactions were in cotton piece goods, sheets and pillow cases, men's hosiery and underwear, men's hats and infants' shoes. No one item showed a gain during the month, although a number of them remained unchanged. Compared with a year ago the greatest gain still continues in cotton piece goods, sheets and pillow cases, women's hosiery and aprons, men's hosiery and underwear.

The peak in retail prices was reached in March, at least for a time according to A. W. Zelomek, economist under whose supervision the index is compiled. Upward revisions will occur, however, should the Office of Price Administration allow adjustments where hardships are met. If it were possible to include style items it would be found that prices for similar quality merchandise will be higher for Fall 1942 than for Fall 1941. This is in line with the latest OPA regulation affecting women's outerwear. However, the advance in staple items has been halted.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	June 1, 1941	Mar. 1, 1942	Apr. 1, 1942	May 1, 1942	June 1, 1942
Composite Index	69.4	96.3	111.9	112.5	113.4	113.2
Piece Goods	65.1	89.6	110.8	111.8	112.6	112.2
Men's Apparel	70.7	89.7	102.7	104.2	105.6	105.2
Women's Apparel	71.8	94.3	111.2	112.1	113.2	113.0
Infants' Wear	76.4	97.7	106.7	107.5	108.6	108.3
Home Furnishings	70.2	98.9	114.3	115.1	115.8	115.7
Piece Goods						
Silks	57.4	70.4	83.9	84.7	85.1	84.9
Woolens	69.2	90.7	106.6	107.8	108.5	108.4
Cotton Wash Goods	68.6	107.7	141.8	142.8	144.1	143.4
Domestic						
Sheets	65.0	97.3	124.9	126.7	127.7	127.2
Blankets & Comfortables	72.9	118.4	132.0	134.3	135.2	135.2
Women's Apparel						
Hosiery	59.2	73.2	91.5	92.7	94.8	94.5
Aprons & House Dresses	75.5	107.1	138.4	139.5	141.0	140.8
Corsets & Brassieres	83.6	93.1	108.1	110.0	111.4	111.4
Furs	66.8	*116.8	*135.3	*135.3	*136.3	*136.1
Underwear	69.2	87.4	102.1	102.4	103.1	102.8
Shoes	76.5	89.0	91.6	92.1	92.5	92.5
Men's Apparel						
Hosiery	64.9	87.4	104.9	106.0	108.6	108.1
Underwear	69.6	92.0	111.7	114.4	115.6	114.7
Shirts & Neckwear	74.3	86.3	97.9	98.8	99.6	99.2
Hats & Caps	69.7	84.1	91.8	92.7	94.9	94.3
Clothing incl. Overalls	70.1	92.8	103.4	104.7	105.3	105.1
Shoes	76.3	95.3	106.6	108.3	109.8	109.6
Infants' Wear						
Socks	74.0	103.6	112.0	113.4	115.6	115.1
Underwear	74.3	95.2	102.8	103.2	103.8	103.8
Shoes	80.9	94.4	105.2	105.8	106.4	105.9
Furniture	69.4	110.1	129.8	129.1	129.3	129.2
Floor Coverings	79.9	132.1	144.8	145.2	147.0	146.8
Radios	50.6	*53.8	*66.6	*66.7	*66.8	*66.8
Luggage	60.1	*77.2	*93.3	*94.7	*95.2	*95.0
Electrical Household Appliances	72.5	*81.5	*92.7	*93.5	*93.6	*93.6
China	81.5	99.1	109.6	110.4	110.9	110.8

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

Electric Output For Week Ended June 13, 1942 Shows 11.7% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 13, 1942, was 3,463,528,000 kwh., which compares with 3,101,291,000 kwh. in the corresponding period in 1941, a gain of 11.7%. The output for the week ended June 6, 1942, was estimated to be 3,372,374,000 kwh., an increase of 9.6% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 13, '42	June 6, '42	May 30, '42	May 23, '42
New England	6.8	7.4	14.6	9.8
Middle Atlantic	9.4	5.8	9.2	8.2
Central Industrial	8.2	7.3	12.6	9.0
West Central	11.7	10.4	10.4	8.2
Southern States	18.8	14.2	10.7	15.4
Rocky Mountain	5.7	1.3	7.0	4.6
Pacific Coast	17.0	17.6	22.1	19.2
Total United States	11.7	9.6	12.5	11.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
June 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
June 20	------	3,091,672	------	2,653,788	1,440,541	1,702,501
June 27	------	3,156,825	------	2,659,825	1,456,961	1,723,428

Steel Production Continues at High Rate—Lend-Lease Steel Requirements Increase

"Adaptability of industry to changing demands of war is being tested again this week by the tremendous increase in Lend-Lease steel requirements and shipments," says "The Iron Age" in its issue of today (June 18), further adding: "Lend-Lease production of steel over the next 60 days is expected to attain a level far above that reached at any other time since war was declared. Inevitably this call for steel exports is strongly affecting the domestic picture. Mill schedules have had to be quickly changed. A shortage of this metal is threatening most non-integrated steel makers and certain allocated and A-1a business on integrated mill order books is being pushed aside to make room for Lend-Lease production. Within the next month or so some non-integrated steel mills may either shut down or run less than 50%. Certain departments in the large integrated mills may face the same situation. For another week the steel supply outlook has clouded for less urgent war needs and for essential civilian war needs.

"Coming with the tight situation in semi-finished steel is the returning threat of a scrap shortage. 'The Iron Age' is told that efforts of steel mills to accumulate backlogs of scrap have been unsuccessful so far. Collections and loadings have fallen off recently, the loading decline being ascribed to strict adherence to OPA regulations, cleaning up of some automobile graveyards to which cars are not coming at the expected rate, and the completion of many local scrap drives which bring in 'non-recurring' material.

"While adjustments of steel-making schedules in the Chicago and Birmingham areas have been made to permit much needed repairs, the falling off in operations at those points is insufficient to offset substantially higher operations in other districts."

The American Iron and Steel Institute on June 15 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.3% of capacity for the week beginning June 15, compared with 99.3% one week ago, 99.2 one month ago and 99.0% one year ago. This represents a decrease of 1.0 point or 1.0% from the preceding week. The operating rate for the week beginning June 15 is equivalent to 1,669,700 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,685,000 tons one month ago and 1,597,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 15 stated in part: "More efficient distribution of steel and iron products is being achieved under War Production Board regulations and enlarged production is making for a better situation in many products. While application of priority to ingot output is limiting supply of semi-finished steel for some uses, notably in sheets and wire, salutary effects are attained in volume of heavier product sessential to the war, including plates, structurals and bars. In cases where need for the former is pressing directives are issued to cover essential supply.

"Decrease in number of steel orders continues although total volume is greater than production, even at the current high rate. Practically all new bookings are in the A-1 group, by far the larger portion at A-1-a. Cancellation of unrated tonnage is virtually completed and mill books are in better condition than for a year. Even with this reduction order books contain tonnage for full production for many months.

"Growing use of alloy steels is indicated by the fact that 1941 steel output was 9.9% alloy and this year promises to produce twice as much alloy steel as the best peacetime year.

"Plate production in May reached 1,012,195 tons, exceeding by 116,223 tons the previous mark of 895,971 tons made in April. Contribution to plate tonnage by converting continuous strip mills to plate production is indicated by the total of 425,211 tons rolled on these mills in May.

"Steel ingot and castings production in May totaled 7,386,890 net tons, 264,577 tons more than in April and 342.325 tons more than in May, 1941, the latter being a gain of 5%. The May total was within a fraction of 1% of the all-time peak attained in March, this year, lacking only 6,021 tons of equaling. Relating ingot tonnage produced to steel-making capacity the industry operated at an average of 98.2%, the same as in March. In May, 1941, the industry operated at 98.5% on substantially less capacity than at present."

From Washington

(Continued from First Page)

Lowell Mellett's OGR than of any other agency in our midst. It has always been wrongly associated with propaganda. Just about five percent of it is devoted to preparing records for the smaller broadcasting stations around the country, other work that can be classed under the head of propaganda.

The organization has been, essentially, Mr. Roosevelt's private detective agency, although Lowell outwardly, but not inwardly flinched at that term, when after a detailed explanation of his work once before the House Appropriations Committee, he was asked if this was not it. But his description properly provoked the question.

OGR does a lot of little things—well, recently it has had an office there on Pennsylvania Avenue at Fifteenth Street, which undertakes to answer any question all the way from whether Noah really built an ark, to how much it cost to get to Mount Vernon.

The real work of the organization revolved around the directors which it had in every state in the Union. These men and their aides were supposed to get around, know what their states were thinking, whether they liked the New Deal or disliked it. They were supposed to report on the vast ramifications of the New Deal subsidiaries such as Jesse Jones' far flung agencies, Claude Wickard's far flung agencies. They reported on what Congressmen and Senators were saying privately about the Administration back home. They occasionally called attention to some up and coming politician who perhaps should be supported to replace this or that Congressman or Senator. In short, the organization served as Mr. Roosevelt's eyes and ears. It was his private reporting organization, essentially, responsible not to Congress but to him alone. It was his own little FBI.

In a way it was but a development or refinement of a practice which Herbert Hoover began. Hoover used to have a private organization over in the Transportation Building which saw everything, heard everything, knew everything and reported to him. It was privately financed and Hoover didn't know what to do with the information when he got it.

OGR is taxpayer financed and Mr. Roosevelt knows what to do with what it turns up.

Indianians are certainly taking over our midst. Elmer Davis is a native and a fellow Phi Delta Theta of Byron Price, the censor. Then there is Indianian Paul McNutt. Lowell Mellett is another one. You would think Elmer, Byron and Lowell, all in the publicity and propaganda picture, would be able to hit it off together. But the most fighting people in the world are relatives. Witness the Chinese and the Japs.

A couple of years ago an editor friend of ours who was a Rhodes Scholar himself, thought it would be a good idea to find out what all the Rhodes Scholars were doing, how they had fared. He was quite disappointed. He can feel better now. Intellectualism has come to rule Washington and we are inclined to think that all of the graduating classes, ever since the scholarship was established, have gotten jobs here with the Government.

About taxes: You can almost count on, when the bill reaches the Senate Finance Committee, that there will be compulsory savings, and a provision whereby businesses, in the payment of the excess profits tax, will be permitted to invest, say 20% of this tax, in non-interest bearing bonds. Senator Walter George, Chairman of Senate Finance Committee, is very much hepped on this idea, and he will have more to do with the final form of the pending tax bill than any other man concerned with it, including Morgenthau.

NY Building Congress Passes Post-War Program

The Board of Governors of the New York Building Congress, Inc., on June 2 held the first meeting under its new President, J. Andre Fouilhoux, of Harrison, Fouilhoux and Abramovitz, and approved in principle the Proposed Post-War Works Program for the City of New York. Upon recommendation of the Congress Committee on Post-War Planning (Thomas S. Holden, Chairman) the Board voted to approve in principle the Proposed Post-War Works Program for the City of New York which was presented by the City Planning Commission to the Board of Estimate on May 27 for its approval. The Building Congress also says:

In its letter to the Board of Estimate the President of the Building Congress recommended that the City Planning Commission be requested to make available to the public the data upon which it based its determination of the city's needs for the particular projects listed in the proposed program. The Building Congress Board also urged that favorable consideration be given to utilization of available planning talents to be found among private architects and engineers to supplement the work that will be done by the regular planning bureaus of the Municipal government.

New members appointed to the Board of Governors of the Building Congress by Mr. Fouilhoux are:

Robert Armstrong, Armstrong & Armstrong; George J. Atwell, Thompson-Starrett Co.; R. V. Banta, Lockwood Greene Engineers, Inc.; Albert L. Baum, Jaros, Baum & Bolles; Joseph A. L. Blek, Building Maintenance Craftsmen; Griswold Denison, Consolidated Edison Co. of New York; John Hegeman, Hegeman-Harris Co.; George C. Johnson, The Dime Savings Bank of Brooklyn; John P. Kane, General Builders Supply Corp.; Howard Myers, Time Inc.; E. E. Seelye; Bernard B. Smith; H. Richard Stern, Johnson & Morris, Inc.; Adolph G. Syska, Kelly, Syska & Hennessy; Edgar I. Williams; Walker G. White, Westinghouse Electric Elevator Co. and J. W. Zucker, Shatz Painting Co.

U. S. Steel Corp. Shipments in May Record For Current Year—Third Highest In Its History

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of May, 1942, totaled 1,834,127 net tons, as compared with 1,758,894 net tons in the preceding month (April), an increase of 75,233 net tons, and with 1,745,295 net tons in the corresponding month in 1941 (May), an increase of 88,832 net tons.

For the year 1942 to date, shipments were 8,729,439 net tons, compared with 8,384,240 net tons in the comparable period of 1941, an increase of 345,199 net tons.

The shipments in May were at the highest rate for any month this year and were the third highest for any month in the history of the corporation.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	------	1,668,637	1,209,684	607,562	524,994	1,529,241
July	------	1,666,667	1,296,887	745,364	484,611	1,480,008
August	------	1,753,665	1,455,604	885,636	615,521	1,500,281
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
June 16	118.31	106.39	116.22	112.93	107.44	91.19	95.62	110.88	113.70
15	118.36	106.21	116.02	112.93	107.44	91.19	95.62	110.88	113.50
13	118.35	106.21	116.02	112.75	107.62	91.19	95.62	110.88	113.50
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
11	118.32	106.21	115.82	112.75	107.44	91.05	95.62	110.88	113.31
10	118.32	106.21	115.82	112.93	107.44	91.19	95.77	110.88	113.31
9	118.39	106.21	115.82	113.12	107.44	91.19	95.77	110.88	113.50
8	118.37	106.21	115.82	112.93	107.27	91.48	95.77	110.88	113.50
6	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.51
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
4	118.39	106.21	116.02	112.75	107.44	91.34	95.62	110.70	113.50
3	118.41	106.21	115.82	112.93	107.44	91.34	95.77	110.70	113.50
2	118.33	106.39	116.02	112.75	107.44	91.48	95.77	110.70	113.70
1	118.30	106.39	116.02	112.93	107.44	91.77	95.92	110.88	113.70
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.62	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago June 16, 1941	119.01	107.09	117.60	114.27	107.44	91.48	96.85	111.44	113.89
2 Years ago June 15, 1940	114.86	100.65	114.46	111.44	100.98	80.69	87.72	107.09	108.88

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
June 16	3.37	2.84	3.01	3.31	4.33	4.03	3.12	2.97
15	3.38	2.85	3.01	3.31	4.33	4.03	3.12	2.98
13	3.38	2.85	3.02	3.30	4.33	4.03	3.12	2.98
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
11	3.38	2.86	3.02	3.31	4.34	4.03	3.12	2.99
10	3.38	2.86	3.01	3.31	4.33	4.02	3.12	2.99
9	3.38	2.86	3.00	3.31	4.33	4.02	3.12	2.98
8	3.38	2.86	3.01	3.32	4.31	4.02	3.12	2.98
6	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
4	3.38	2.85	3.02	3.31	4.32	4.03	3.13	2.98
3	3.38	2.86	3.01	3.31	4.32	4.02	3.13	2.98
2	3.37	2.85	3.02	3.31	4.31	4.02	3.13	2.97
1	3.37	2.85	3.01	3.31	4.29	4.01	3.12	2.97
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.03	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago June 16, 1941	3.33	2.77	2.94	3.31	4.31	3.95	3.09	2.96
2 Years ago June 15, 1940	3.71	2.93	3.09	3.69	5.13	4.58	3.33	3.23

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Cottonseed Receipts Continue Small

On June 12 the Bureau of the Census issued the following statement showed cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the ten months ended with May, 1942 and 1941:

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

	Received at mills* Aug. 1 to May 31 1942	1941	Crushed Aug. 1 to May 31 1942	1941	On hand at mills May 31 1942	1941
United States	3,905,366	4.426,500	3,858,756	4,197,910	177,139	267,432
Alabama	221,134	208,476	224,413	197,605	7,894	11,453
Arizona	78,314	80,261	78,060	80,249	471	20
Arkansas	473,237	530,278	462,466	475,566	35,701	60,267
California	158,494	201,507	157,920	179,486	7,069	25,090
Georgia	265,883	410,930	265,278	375,448	19,521	36,614
Louisiana	85,349	132,545	85,482	131,457	393	1,342
Mississippi	560,763	488,365	544,041	464,329	20,748	30,550
North Carolina	214,212	274,360	216,070	266,608	7,878	11,362
Oklahoma	239,090	236,430	230,113	236,037	9,509	901
South Carolina	120,589	269,753	122,043	264,460	1,554	5,809
Tennessee	395,797	396,558	387,195	351,716	29,270	45,968
Texas	952,875	1,077,567	945,013	1,058,291	35,056	35,023
All other States	139,629	119,470	140,662	116,658	2,075	3,033

*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 61,170 and 53,931 tons reshipped for 1942 and 1941 respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand August 1	Produced Aug. 1 to May 31	Shipped out Aug. 1 to May 31	On hand May 31
Crude oil	1941-42	*29,708	1,201,316	1,196,707	*80,989
(thousand pounds)	1940-41	37,352	1,356,205	1,335,161	94,710
Refined oil	1941-42	†294,005	‡1,068,059	------	†394,580
(thousand pounds)	1940-41	493,658	1,218,204	------	423,397
Cake and meal	1941-42	164,444	1,683,010	1,560,610	286,844
(tons)	1940-41	79,501	1,865,110	1,689,882	254,729
Hulls	1941-42	151,439	955,460	1,006,363	100,536
(tons)	1940-41	20,914	1,055,251	880,227	195,938
Linters	1941-42	123,154	1,136,684	1,193,324	66,514
(running bales)	1940-41	129,340	1,146,948	1,051,966	224,322
Hull fiber	1941-42	1,834	28,951	30,161	624
(500-lb. bales)	1940-41	1,215	33,813	32,817	2,211
Grabbots, motes, &c.	1941-42	6,183	52,061	33,225	25,019
(500-lb. bales)	1940-41	12,449	46,603	48,592	10,460

*Includes 13,192,000 and 62,097,000 pounds held by refining and manufacturing establishments and 7,859,000 and 5,626,000 pounds in transit to refiners and consumers Aug. 1, 1941 and May 31, 1942 respectively.

†Includes 7,268,000 and 3,881,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 3,906,000 pounds in transit to manufacturers of shortening, oleomargine, soap, etc. Aug 1, 1941 and May 31, 1942 respectively.

‡Produced from 1,143,726,000 pounds of crude oil.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

National Fertilizer Association Commodity Price Average Again Declines

The general level of wholesale commodity prices was again slightly lower last week, according to the wholesale price index compiled by The National Fertilizer Association and made public on June 15. This index, in the week ended June 13, 1942, declined to 127.1 from 127.5 in the preceding week. A month ago the index was 128.0 and a year ago 108.9, based on the 1935-1939 average as 100. The Association's report also added:

The slight recession in the all commodity index during the week was due principally to rather marked declines in prices of some farm products. The quotations for most grains were higher, but the effect of such increases on the farm products group average was more than offset by substantial decreases in cotton and livestock quotations. The fertilizer materials index declined, due to a drop in the prices of cottonseed meal and tankage. The only other group averages to change were the textile and miscellaneous commodity indexes, which were also lower. Wholesale prices of all commodities except farm products and foods showed no change for the sixth consecutive week. This represents the first extended pause in the price advance of industrial commodities in more than a year.

During the week declines outnumbered increases 12 to 7; in the preceding week there were 18 declines and 8 advances; in the second preceding week there were 13 declines and 10 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week June 13 1942	Preceding Week June 6 1942	Month Ago May 9 1942	Year Ago June 14 1941
25.3	Foods	125.6	125.6	125.3	104.3
	Fats and Oils	136.6	137.0	138.7	113.9
	Cottonseed Oil	158.4	158.4	159.3	127.7
23.0	Farm Products	134.1	135.5	137.7	106.0
	Cotton	176.6	182.7	192 1	128.5
	Grains	112.8	111.6	118.3	97.0
	Livestock	131.0	132.3	132.0	103.8
17.3	Fuels	119.7	119.7	119.5	107.6
10.8	Miscellaneous commodities	127.5	127.6	128.1	116.8
8.2	Textiles	147.2	148.2	149.5	130.5
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	151.6	151.6	151.7	117.6
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	117.6	118.5	118.8	104.7
.3	Fertilizers	115.3	115.3	115.3	101.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	127.1	127.5	128.0	108.9

*Indexes on 1926-1928 base were: June 13, 1942, 99.0; June 6, 99.3; June 14, 1941 84.8.

Canadian Senate Adopts U. S. Tax Convention

The Canadian Senate has approved a Canada-United States agreement equalizing income and corporation tax for non-residents and intended also to avoid tax evasion, according to Canadian Press Ottawa advices of June 11, which state:

Under the agreement the withholding tax on investments of Canadians in the United States will be reduced from 27½%, the present rate there, to 15%, the Canadian rate on United States investments in Canada. United States investments in Canada are estimated at eight times those of Canadians in the United States.

The U. S. Senate's approval of the tax convention was reported in these columns June 11, page 2212.

Says U. S. Can Support Debt Of $200 Billions

In discussing post-war planning and banking before the National Educational Conference of the American Institute of Banking in New Orleans on June 9, Herbert J. Vogelsang, President of the Niagara National Bank of Buffalo, N. Y., said he believed the fears of many people over the mounting public debt were "greatly exaggerated," adding that "with a national income of over $100,000,000,000 and reasonably full employment, this country can well support an internal debt of $200,000,000,000 or possibly more."

According to the Associated Press, Mr. Vogelsang based his contentions on the ground that the government is sound and the lenders have unlimited faith in the contract under which the money was lent to finance the war. He is further reported as saying that any depression should be overcome by an industrial and agricultural output greater than anything heretofore achieved. "That means," he said, "world markets as well as domestic markets." "It means a new economic statesmanship fully conscious of the fact that the ghost of isolationism has been laid."

Inter-City Bus Service Restricted By ODT

Taking wartime control of inter-city bus companies, the Office of Defense Transportation on June 9 directed that present routes be frozen, all express service be discontinued, competitive services be pooled and service to places of amusement be discontinued. The order is effective July 1. The ODT defines intercity bus service as routes operating outside of a 15-mile limit of a city and schedules on which the average fare is more than 35 cents.

The order also prohibits the operation of more than one round-trip schedule a day over any route where experience shows that the average load in both directions will be less than 40% of the seating capacity in any month.

Round-trip schedules operated primarily for the purpose of transporting workers to and from their jobs are not subject to the regulations and an exception is made for buses serving military and naval establishments. In Washington advices June 9 to the New York "Times" it was stated:

Inter-city bus service may not be operated after July 1 "for the primary purpose of supplying transportation to or from a golf course, athletic field, race track, theatre, dancing pavilion, or other place conducted primarily for the purpose of amusement or entertainment."

Express service was ordered discontinued, the ODT said, to release buses for local service.

According to the "Wall Street Journal" advices the operators of competing bus lines are required to make joint plans for maximum utilization of equipment through pooling of services, staggering of schedules and exchange of operating rights. These plans must be submitted to the ODT by July 30.

The order further provides that no bus route may be extended after July 1 without special permission of the ODT.

Moody's Daily Commodity Index

Tuesday, June 9	227.8
Wednesday, June 10	228.4
Thursday, June 11	228.1
Friday, June 12	228.0
Saturday, June 13	228.4
Monday, June 15	228.0
Tuesday, June 16	228.4
Two weeks ago, June 2	228.8
Month ago, May 16	232.6
Year ago, June 16	198.0
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan 2	220.0

WPB Building Order

The War Production Board announced on June 6 a series of interpretations of its conservation order, issued April 9, placing all construction under rigid control.

The order makes it necessary for builders to obtain authorization from WPB to begin residential construction costing $500 or more; agricultural construction costing $1,000 or more; or commercial and other construction costing $5,000 or more during any continuous twelve-month period. The interpretations cover various classes of construction, cost estimates and design changes. With regard thereto Washington advices June 7 to the New York "Journal of Commerce" said:

It was ruled that construction authorized by WPB does not have to be included in the cost quota allowed in the order. For instance, an owner specifically authorized by WPB to remodel an industrial plant may still spend, in addition, up to $5,000—the limit allowed without authorization — during any 12-month period.

It also was ruled that where a building is used for two or more purposes, as defined in the order, it should be classified according to its predominant use.

Another interpretation provides that the estimated cost need not include the cost of used material, including equipment, which has been taken from a building and is to be used in other construction work, provided there is no change of ownership. It is not necessary, likewise, to include in the total cost estimate the cost of labor in incorporating such used material.

The estimated cost of a project, under the interpretation, shall include the cost of certain equipment. These include articles, chattels or fixtures physically incorporated in the building and used as a part of the building. Also included are items that cannot be detached without materially injuring them or the construction.

The term "without change of design," as it applies to repair work permitted by the order, is interpreted to allow change in material or type of equipment if the architectural or structural plan is not substantially altered in effecting the change.

It was ruled that movement of earth — ditch digging, grading, etc.—where no material except earth or other unprocessed material is involved should not be included in the cost of the project.

The WPB order of April 9 was noted in these columns April 16, page 1557.

World's Corn Production And Consumption Gaining

A review of the world's corn production and trade from 1925 to 1939 reveals a steady upward trend in production and consumption in virtually all countries since the draught years of low crops in the United States during the early thirties, according to a report issued June 15 by the U. S. Department of Agriculture. The increase according to the Department is attributed not only to the increased use of corn as a feedstuff but also to its increasing use in many countries for human food.

The report, entitled "World Corn Production and Trade," by Hally H. Conrad, Office of Foreign Agricultural Relations, points out that in 1939 the world's crop amounted to 5,104,000,000 bushels, compared with the average of 4,737,000,000 bushels during the five-year period 1925-29. The United States, however, says the Department accounted for only about 51% of the total in 1939 compared with the average of about 56% during 1925-29, due mainly to increased production in Latin America.

The Department's announcement further stated:

Because of the high value of corn as a feed for livestock, the bulk of the crop in most countries is used at home. As a result, less than 10% of the world's annual production moves into channels of international trade as grain. Argentina, however, is an exception to the rule, since hog production in that country has been relatively unimportant and Argentine cattle are fattened largely on alfalfa and other pasturage crops.

Argentina is by far the principal exporter of corn, exporting in normal years approximately two-thirds of its crop. During the 5-years 1935-39 Argentine corn exports represented approximately 65% of the world's total export movement. The Danube Basin is the second most important exporter, followed in order of importance by the United States, the Union of South Africa and French Indo-China. As a rule, less than 1% of the United States crop enters the export market. In the Danube Basin, where the crop is an important item in the diet of the people as well as for feeding livestock, exports usually range around 10% of production.

Under normal conditions, the bulk of the corn moving into export channels goes to the United Kingdom, the Netherlands, Germany, France, Belgium, Denmark, Ireland, and other European countries, where it is used principally by livestock producers. Canada and Japan are the only non-European countries importing significant quantities. Imports by Canada, however, are largely U. S. corn intended for transshipment to European markets. Japanese imports come mainly from French Indo-China and the Netherlands Indies.

A copy of the report may be obtained from the Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the production of soft coal for the country continues at a rate above 11,000,000 tons a week. The total output in the week ended June 6 is estimated at 11,180,000 net tons, which compares with 9,563,000 tons in the corresponding week last year.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended June 6 was estimated at 1,042,000 tons, an increase of 229,000 tons, or 28.2%, over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 83,000 tons (about 7%). The calendar year to date shows a gain of 14.6% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended June 6 showed a decrease of 26,800 tons when compared with the output for the week ended May 30. The quantity of coke from beehive ovens increased 2,100 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS

	Week Ended			January 1 to Date		
*Bituminous coal—	June 6, 1942	May 30, 1942	‡June 7, 1941	June 6, 1942	‡June 7, 1941	June 5, 1937
Total, incl. min. fuel	11,180	11,090	9,563	248,604	194,850	198,749
Daily average	1,863	2,092	1,594	1,876	1,461	1,513
†Crude petroleum						
Coal equivalent to weekly output	5.769	6,211	6,114	136,913	132,426	120,779

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, 1939, page 702). ‡Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

	Week Ended			Calendar year to date		
Penn. anthracite—	§June 6, 1942	May 30, 1942	June 7, 1941	June 6, 1942	June 7, 1941	June 8, 1929
*Total incl. colliery fuel	1,042,000	813,000	1,125,000	25,427,000	22,185,000	31,812,000
†Commercial production	990,000	772,000	1,069,000	24,156,000	21,076,000	29,522,000
Beehive coke—						
United States total	148,300	146,200	128,600	3,390,800	2,482,700	2,890,300
By-product coke—						
United States total	1,162,600	1,189,400	‡	26,278,200	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES (In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May
State—	May 30, 1942	May 23, 1942	May 31, 1941	June 1, 1940	May 29, 1937	avge. ¶1923
Alaska	6	4	3	4	2	**
Alabama	385	388	326	304	290	398
Arkansas and Oklahoma	76	78	15	15	17	66
Colorado	134	137	75	66	96	168
Georgia and North Carolina	1	1	1	*	*	**
Illinois	1,117	1,170	868	633	563	1,292
Indiana	354	461	376	250	261	394
Iowa	38	44	42	38	26	89
Kansas and Missouri	155	176	76	70	84	131
Kentucky—Eastern	1,015	979	920	774	783	679
Kentucky—Western	255	226	122	107	121	183
Maryland	42	43	33	19	17	47
Michigan	4	2	1	3	1	12
Montana	58	65	43	46	34	42
New Mexico	31	28	18	17	27	57
North and South Dakota	25	29	16	15	16	**14
Ohio	666	721	504	375	460	860
Pennsylvania bituminous	2,687	2,758	2,462	1,837	2,011	3,578
Tennessee	156	152	134	114	110	121
Texas	5	5	7	13	16	22
Utah	92	104	49	34	31	74
Virginia	436	423	386	286	258	250
Washington	28	28	29	26	32	44
*West Virginia—Southern	2,365	2,270	2,298	1,937	1,749	1,380
†West Virginia—Northern	835	860	709	514	526	862
Wyoming	130	133	88	78	67	110
‡Other Western States	**	**	**	**	**	**5
§Pennsylvania anthracite	11,090	11,285	9,601	7,575	7,598	10,878
Total bituminous coal	813	1,201	1,043	849	1,176	1,932
Total, all coal	11,903	12,486	10,644	8,424	8,774	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Bankers Dollar Acceptances Outstanding On May 29 Decline To $173,906,000

The volume of bankers dollar acceptances outstanding on May 29 totaled $173,906,000, a decrease of $3,387,000 from the April 30 figure and a new low for the last 25 years, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued June 11. The total amount of acceptances outstanding on April 30 was $177,293,000 and on May 31, 1941, $215,005,000.

Only credits drawn for imports were higher in May than April, while in the year-to-year comparison credits for domestic shipments and domestic warehouse were above a year ago. As made available by the Reserve Bank the survey follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	May 29, 1942	April 30, 1942	May 31, 1941
1 Boston	$31,939,000	$31,272,000	$30,961,000
2 New York	106,856,000	110,096,000	139,296,000
3 Philadelphia	9,577,000	9,213,000	12,228,000
4 Cleveland	2,631,000	2,806,000	3,306,000
5 Richmond	1,330,000	1,604,000	870,000
6 Atlanta	2,661,000	2,525,000	2,622,000
7 Chicago	4,641,000	5,147,000	4,485,000
8 St. Louis	550,000	750,000	552,000
9 Minneapolis	179,000	184,000	625,000
10 Kansas City	------	------	------
11 Dallas	2,189,000	2,394,000	405,000
12 San Francisco	11,353,000	11,302,000	19,655,000
Grand Total	$173,906,000	$177,293,000	$215,005,000

Decrease for month $3,387,000. Decrease for year $41,099,000

ACCORDING TO NATURE OF CREDIT

	May 29, 1942	April 30, 1942	May 31, 1941
Imports	$101,049,000	$96,697,000	$124,866,000
Exports	15,800,000	16,703,000	24,056,000
Domestic shipments	11,886,000	16,882,000	10,858,000
Domestic warehouse credits	30,714,000	31,259,000	30,124,000
Dollar exchange	1,128,000	1,496,000	2,910,000
Based on goods stored in or shipped between foreign countries	13,329,000	14,256,000	22,191,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $81,805,000 Bills of Others $50,708,000 Total $132,513,000

Decrease for month $6,296,000

Current Market Rates on Prime Bankers Acceptances June 11, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since June 30, 1939:

1939—		**1940—**	
June 30	$244,530,440	June 29	$206,149,000
July 31	236,010,050	July 31	188,350,000
Aug. 31	235,034,177	Aug. 31	181,813,000
Sept. 30	215,881,724	Sept. 30	176,614,000
Oct. 31	221,115,945	Oct 31	186,789,000
Nov. 30	222,599,000	Nov. 30	196,683,000
Dec. 30	232,644,000	Dec. 31	208,659,000
1940—		**1941—**	
Jan. 31	229,230,000	Jan. 31	212,777,000
Feb. 29	233,015,000	Feb. 28	211,865,000
Mar. 30	229,705,000	Mar. 31	217,312,000
Apr. 30	223,305,000	Apr. 30	219,561,000
May 31	213,685,000	May 31	215,005,000

1941—	
June 30	$212,932,000
July 31	209,899,000
Aug. 30	197,472,000
Sept. 30	176,801,000
Oct. 31	184,806,000
Nov. 29	193,590,000
Dec. 31	194,220,000
1942—	
Jan. 31	197,278,000
Feb. 28	190,010,000
Mar. 31	182,675,000
Apr. 30	177,293,000
May 29	173,905,000

Dept. Of Labor Reports Wholesale Prices Remained Stable In June 6 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 11 that wholesale prices in industrial markets remained stable during the first week of June; as the average for all commodities except farm products and foods showed no change for the fourth successive week. However, lower prices for grains and livestock caused the Bureau's composite index of prices of nearly 900 commodities in primary markets to fall slightly to 98.7% of its 1926 average, a decline of 0.1% for the week. The index now stands at its early May level, just after the issuance of the General Maximum Price Regulation by the Office of Price Administration; this constitutes the first extended pause in the price advance since October, 1941. The index remains somewhat above the avarage in the March base period largely as a result of sharp increases in prices for agricultural commodities not subject to controls.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 9, 1942, and June 7, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to June 6, 1942 from—		
Commodity Groups—	6-6 1942	5-30 1942	5-23 1942	5-9 1942	6-7 1941	5-30 1942	5-9 1942	6-7 1941
All Commodities	*98.7	*98.8	*98.7	98.6	85.9	—0.1	+0.1	+14.9
Farm products	105.6	106.0	104.8	104.0	79.6	—0.4	+1.5	+32.7
Foods	99.7	99.4	99.1	99.3	81.5	+0.3	+0.4	+22.3
Hides and leather products	118.8	119.0	119.2	120.2	107.6	—0.2	—1.2	+10.4
Textile products	97.2	97.2	97.2	97.3	83.2	0	—0.1	+16.8
Fuel and lighting materials	78.9	78.9	78.9	78.7	78.3	0	+0.3	+ 0.8
Metals and metal products	*104.0	*104.0	*104.0	*103.9	98.3	0	+0.1	+ 5.8
Building materials	109.9	109.9	110.0	110.0	100.5	0	—0.1	+ 9.4
Chemicals and allied products	97.2	97.3	97.3	97.3	83.6	—0.1	—0.1	+16.3
Housefurnishing goods	104.5	104.5	104.6	104.6	93.3	0	—0.1	+12.0
Miscellaneous commodities	90.0	90.1	90.2	89.9	79.7	—0.1	+0.1	+12.9
Raw materials	100.4	100.6	99.8	99.5	81.9	—0.2	+0.9	+22.6
Semimanufactured articles	92.7	92.7	92.8	92.6	86.9	0	+0.1	+ 6.7
Manufactured products	*98.9	*99.1	*99.2	99.3	88.0	—0.2	—0.4	+12.4
All commodities other than farm products	*97.2	*97.3	*97.4	97.4	87.3	—0.1	—0.2	+11.3
All commodities other than farm products and foods	*95.9	*95.9	*95.9	95.8	88.4	0	+0.1	+ 8.5

*Preliminary.

Selected Income And Balance Sheet Items Class I Railways For March

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for Class I steam railways in the United States for the month of March and the three months ending with March, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of March		For the Three Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$92,375,472	$80,170,449	$226,325,723	$200,326,711
Other income	11,477,167	11,117,538	34,985,156	34,131,759
Total income	103,852,639	91,287,987	261,310,879	234,458,470
Miscellaneous deductions from income	2,601,005	2,633,832	7,462,156	7,298,437
Income available for fixed charges	101,251,634	88,654,155	253,848,723	227.160,033
Fixed charges:				
Rent for leased roads and equipment	15,067,571	13,135,314	40,886,369	37,443,631
*Interest deductions	37,035,236	38,523,692	111,112,552	115,309,389
Other deductions	121,707	117,687	356,077	356,070
Total fixed charges	52,224,514	51,776,693	152,354,998	153,109,090
Inc. after fixed charges	49,027,120	36,877,462	101,493,725	74,050,943
Contingent charges	2,139,150	1,548,839	6,355,780	4,605,533
†Net income	46,887,970	35,328,623	95,137,945	69,445,410
Depreciation (way and structures equipment)	19,695,109	17,885,328	56,285,337	53,228,758
Amortization of defense projects	5,466,914	------	13,370,220	------
Federal income taxes	39,713,897	11,987,264	82,920,464	26,140,715
Dividend appropriations:				
On common stock	4,154,215	3,973,823	19,252,803	23,974,968
On preferred stock	85,223	1,324,448	5,155,093	4,444,295
¶Ratio of income to fixed charges	1.94	1.71	1.67	1.48

	All Class I Railways Balance at End of March		Class I Railways Not in Receivership or Trusteeship Balance at End of March	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$464,740,812	$560,579,577	$448,079,185	$510,202,164
Cash	$735,817,040	$676,139,300	$531,101,223	$530,656,145
Temporary cash investments	127,658,511	69,937,442	119,024,548	62,727,358
Special deposits	183,416,777	130,257,831	137,711,003	108,536,352
Loans and bills receivable	1,073,350	1,610,450	909,281	1,331,194
Traffic and car-service balances (Dr.)	38,616,685	33,275,676	32,097,653	30,767,109
Net balance receivable from agents and conductors	93,813,186	62,198,086	78,213,162	51,478,178
Miscellaneous accounts receivable	245,200,631	136,788,719	194,542,230	107,113,085
Materials and supplies	519,589,679	371,419,378	420,263,137	295,255,943
Interest and dividends receivable	18,839,193	17,142,196	16,994,341	14,606,278
Rents receivable	1,142,746	1,148,572	892,963	918,769
Other current assets	25,527,795	6,271,181	23,946,998	5,266,211
Total current assets	$1,990,695,593	$1,506,188,831	$1,555,696,539	$1,208,656,622
Selected Liability Items—				
‡Funded debt maturing within six months	$94,326,933	$96,378,839	$76,808,100	$72,151,987
§Loans and bills payable	57,791,385	77,982,482	4,293,024	22,016,561
Traffic and car-service balances (Cr.)	65,770,574	49,695,908	48,912,366	35,937,539
Audited accounts and wages payable	303,695,016	237,312,405	245,780,285	191,070,109
Miscellaneous accounts payable	58,133,319	52,587,914	41,542,085	41,219,665
Interest matured unpaid	77,958,536	56,628,539	73,591,177	53,057,607
Dividends matured unpaid	13,580,947	14,330,714	13,228,685	13,978,326
Unmatured interest accrued	78,992,143	77,721,423	63,253,627	61,117,920
Unmatured dividends declared	5,497,776	1,608,245	5,497,776	1,608,245
Unmatured rents accrued	21,155,525	21,513,606	19,189,753	19,721,115
Accrued tax liability	399,706,155	228,628,432	359,090,478	194,599,575
Other current liabilities	55,702,919	39,530,315	42,470,222	28,957,714
Total current liabilities	$1,137,984,295	$857,539,983	$916,849,478	$663,284,376
Analysis of accrued tax liability:				
U. S. Government taxes	$283,495,846	$120,469,363	$267,362,522	$111,072,711
Other than U. S. Government taxes	116,210,309	108,159,069	91,727,956	83,526,864

*Represents accruals, including the amount in default. †For the net income was as follows: March, 1942, $38,332,398; March, 1941, $34,783,995; for the three months ended March, 1942, $82,858,270; three months ended March, 1941, $75,232,139. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: March, 1942, 1.74; March, 1941, 1.11; three months, 1942, 1.39; three months, 1941, 0.91.

Engineering Construction Near Record

Engineering construction volume for the week totals $379,458,000, the second highest weekly value ever reported. It is 38% above the preceding week's total, and 171% higher than the volume for the corresponding 1941 week as reported by "Engineering News-Record" on June 11.

Over 95% of the volume is concentrated in Federal construction, 3% in State and municipal work, and the balance, 2%, in private.

Federal work is 310% higher than a year ago, and 46% above last week. Public work tops last year by 238, and gains 44% over a week ago. Private construction is 80 and 63% lower, respectively, than last year and last week.

The current week's near-record construction brings the volume for 1942 to $4,590,785,000, an 82% increase over the 24-week period last year. Private work, $322,481,000, is 54% below the period a year ago, but public construction, $4,268,304,000, is 134% higher as a result of the 228% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	June 12, 1941	June 4, 1942	June 11, 1942
Total Construction	$139,825,000	$274,971,000	$379,458,000
Private Construction	29,394,000	15,851,000	5,869,000
Public Construction	110,431,000	259,120,000	373,589,000
State and Municipal	22,024,000	10,509,000	10,962,000
Federal	88,407,000	248,611,000	362,627,000

Public building construction, $322,791,000, accounts for almost seven-eighths of the current week's volume, and climbs to a new all-time high. In addition to public buildings, waterworks, bridges, and streets and roads topped their last week's totals; and waterworks, sewerage, bridges, streets and roads, and unclassified construction were above the 1941-week volumes.

New capital for construction purposes for the week, $47,243,000, is 104% higher than the total reported for the corresponding 1941 week. The week's new financing is made up of $45,968,000 in corporate security issues, and $1,275,000 in State and municipal bond sales.

New construction financing for the year to date, $6,870,550,000, is 108% above the $3,305,568,000 reported for the 24-week period in 1941.

Bank Debits For Month Of May

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. These figures for May are shown in the following statement, in comparison with prior monthly figures which were derived from reports covering weeks ending on Wednesdays in accordance with the method used in previous monthly reports. The last weekly report was published on page 1876 of the May 14, 1942, issue of the "Chronicle."

A number of newly reporting centers have been added; the figures for these new centers are not included in the summary tables below.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

			—3 Months Ended—	
Federal Reserve District—	May 1942	May 1941	May 1942	May 1941
Boston	2,763	2,448	8,424	7,308
New York	18,789	17,807	55,317	53,887
Philadelphia	2,489	2,475	7,618	7,277
Cleveland	3,568	3,126	10,695	9,187
Richmond	2,007	1,705	5,986	4,985
Atlanta	1,686	1,455	4,970	4,232
Chicago	7,531	6,470	22,822	19,804
St. Louis	1,763	1,489	4,849	4,075
Minneapolis	859	810	2,658	2,347
Kansas City	1,553	1,348	4,608	3,892
Dallas	1,292	1,124	3,817	3,214
San Francisco	4,024	3,403	12,332	10,240
†Total, 274 centers	48,324	43,661	144,096	130,449
New York City*	16,985	16,124	50,064	49,183
140 other centers*	27,216	23,808	81,431	70,492
†133 other centers	4,123	3,729	12,600	10,774

*Included in the national series covering 141 centers, available beginning in 1919. †Excluding centers for which figures were not collected by the Board before May 1942.

Payment On Cuban 5½s

Republic of Cuba, through Roberto Hernandez, Consul General of Cuba in New York City, is notifying holders of its external loan 30-year sinking fund 5½% gold bonds issued under loan contract dated Jan. 26, 1923, that $865,700 principal amount of the bonds have been drawn by lot for redemption on July 15, 1942, out of moneys in the sinking fund, at 100% of their par value and accrued interest to the redemption date. It is also stated:

The bonds drawn for redemption will be paid at the office of the fiscal agents, J. P. Morgan & Co. Incorporated on or after July 15, 1942, after which date interest on the drawn bonds will cease.

On June 8, 1942, $278,900 principal amount of these bonds previously drawn for redemption had not been presented for payment.

Non-Ferrous Metals—Further Conservation Of Tin—Recovery Of Copper From Scrap Gains

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 11, stated: "Tin consumption will be reduced further to conserve supplies, the War Production Board announced. Use of tin in civilian products will drop from 40% to 30% of the 1940 base period, beginning July 1. Recovery of copper from scrap is increasing, largely because of control measures regulating use of the metal in non-essential applications. Tension over the supply situation in lead is lifting. Quicksilver sold in good volume at prices somewhat higher than those named in the preceding week. The publication further went on to say in part:

Copper

Recovery of copper from secondary sources will increase substantially over the remainder of the year, leaders in the industry contend. The movement of scrap to refineries has gained in recent weeks because of the restrictions on use of copper-containing materials, inventory control, and the return of such material in volume from ammunition plants and other fabricators engaged in war work.

William L. Batt, Chairman of the Requirements Committee of WPB, stated publicly: "We expect to have this year about 1,800,000 tons of copper from domestic output and imports. Recovery of scrap should add approximately 300,000 tons to our store. . . . Non-essential civilian users cannot expect to obtain any copper, and only a necessary minimum amount will be available for essential non-military use. The Government is spending in excess of $180,000,000 for copper development and private capital has supplied some $40,000,000 more."

The quotations on domestic copper continued at 12c, Connecticut Valley, and foreign metal held at 11.75c f.a.s. United States ports.

Lead

The easier supply situation in lead is receiving wide attention, and both producers and consumers believe that some modification of the conservation regulation is in order under present circumstances. Limitation in use of lead has cut domestic deliveries to around 60,000 tons a month, leaving a substantial tonnage for stockpiling.

Quotations continued on the basis of 6.50c, New York, and 6.35c, St. Louis. Chemical lead sold at 6.40c, St. Louis.

The monthly meeting of producers and government officials to discuss allocations for next month will be held in Washington on June 25.

Zinc

The zinc statistics for May revealed that production was maintained at about the same rate as in the prior month.

Production of Prime Western appears to be sufficient to take care of current requirements, observers in the industry believe. The situation in High Grade remains tight.

Tin

Effective July 1, use of tin in civilian products will be cut 10% to 30% of the amount used during the third quarter of 1940, the Division of Industry Operations, WPB, announced. Substitution of other materials for tin-plate is being considered on a greater scale than ever. The conservation order for tin-plate is being revised to save about 6,000 tons of tin a year. The price situation in tin was unchanged.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
June 4	52.000	52.000	52.000
June 5	52.000	52.000	52.000
June 6	52.000	52.000	52.000
June 8	52.000	52.000	52.000
June 9	52.000	52.000	52.000
June 10	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c, all week.

London Market: No quotations.

Quicksilver

A good volume of business was booked in quicksilver during the last week, and sellers experienced no trouble in disposing of metal at figures that averaged above the Metal Reserve's buying price for surplus material. On round lots, the equivalent of $194.43 and $195 per flask, New York, was paid. Operators thought that the improved demand reflected business placed in quicksilver derivatives by the Government. Production is increasing and producers offered the metal rather freely at times. Quotations on the Pacific Coast and here remain below the official ceiling basis set earlier in the year by OPA.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c and 35c, respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	—Electrolytic Copper—		Straits Tin,	—Lead—		Zinc
June	Domest., Refin.	Exp., Refin.	New York	New York	St. Louis	St. Louis
4	11.775	11.700	52.000	6.50	6.35	8.25
5	11.775	11.700	52.000	6.50	6.35	8.25
6	11,775	11.700	52,000	6.50	6.35	8.25
8	11.775	11.700	52.000	6.50	6.35	8.25
9	11.775	11.700	52.000	6.50	6.35	8.25
10	11.775	11.700	52.000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended June 6 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, to arrive at the f.o.b. refinery quotation).

Reports On Shipbuilding

The Securities and Exchange Commission today made public the 13th of a new series of industry reports of the Survey of American Listed Corporations. Report No. 13 includes four industrial groups engaged primarily in shipbuilding, the manufacture of engines and turbines, lumber and lumber products and cement. All of the corporations in these four groups had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

In its report the Commission says:

For the five shipbuilding companies the combined sales amounted to $81,000,000 in 1940, as compared with $57,000,000 in 1939. Net profit after all charges totaled $6,800,000 in 1940, against $2,500,000 in 1939, equivalent to 8.4% and 4.4% of sales. Total dividends paid out by these enterprises were $2,100,000 in 1940, against $6,000,000 in 1939. The combined assets of these five enterprises totaled $53,000,000 at the end of 1940, compared with $39,000,000 at the end of 1939, while surplus increased to $20,000,000 at the end of 1940 from $13,000,000 at the end of 1939.

For the 8 corporations manufacturing engines and turbines, the combined sales amounted to $59,000,000 in 1940, as compared with $46,000,000 in 1939. Net profit after all charges totaled $5,200,000 in 1940, against $3,300,000 in 1939, equivalent to 8.8% and 7.1% of sales. Total dividends paid out by these enterprises were $2,800,000 in 1940, against $2,200,000 in 1939. The combined assets of these 8 corporations totaled $50,000,000 at the end of 1940, compared with $39,000,000 at the end of 1939, while surplus increased to $21,000,000 at the end of 1940 from $17,000,000 at the end of 1939.

For the 11 corporations manufacturing lumber and lumber products, the combined sales amounted to $107,000,000 in 1940, as compared with $94,000,000 in 1939. Net profit after all charges totaled $7,100,000 in 1940, against $6,000,000 in 1939, equivalent to 6.7% and 6.4% of sales. Total dividends paid out by these enterprises amounted to $4,600,000 in 1940, as compared with $4,200,000 in 1939. The combined assets for these 11 corporations totaled $95,000,000 at the end of 1940, compared with $92,000,000 at the end of 1939, while surplus increased to $23,000,000 at the end of 1940 from $21,000,000 at the end of 1939.

For the 8 corporations manufacturing cement, the combined sales amounted to $67,000,000 in 1940, as compared with $61,000,000 in 1939. Net profit after all charges totaled $8,300,000 in 1940, against $8,000,000 in 1939, equivalent to 12.3% and 13.1% of sales. Total dividends paid out by these enterprises were $6,600,000 in 1940, against $6,100,000 in 1939. The combined assets of these 8 corporations totaled $144,000,000 at the end of 1940, compared with $142,000,000 at the end of 1939, while surplus increased to $39,000,000 at the end of 1940 from $38,000,000 at the end of 1939.

Signs RFC War Funds Bill

President Roosevelt signed on June 5 the bill increasing the borrowing power of the Reconstruction Finance Corporation by $5,000,000,000. This measure increases the RFC lending authority to over $14,000,000,000. Secretary of Commerce Jesse Jones had requested the additional $5,000,000,000 in order to cover the RFC's necessary commitments in connection with the war program.

The House passed the legislation on May 14 and the Senate on May 27; reported in our issue of June 4, page 2124.

Daily Average Crude Oil Production For Week Ended June 6, 1942 Declined 275,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 6, 1942, was 3,601,500 barrels, a decrease of 275,800 barrels from the preceding week and 215,200 barrels lower than in the same period last year. The current figure was also 34,800 barrels below the daily average for the month of June, 1942, as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicates that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,451,000 barrels of crude oil daily during the week ended June 6, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 93,305,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,310,000 barrels during the week ended June 6, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations June	*State Allowables Beginning June 1	—Actual Production— Week Ended June 6 1942	Change From Previous Week	4 Weeks Ended June 6 1942	Week Ended June 7 1941
Oklahoma	436,600	436,600	†380,200	— 3,050	384,450	426,700
Kansas	281,900	281,900	†218,300	— 38,200	248,200	201,650
Nebraska	4,100	------	†3,950	— 50	4,000	4,350
Panhandle Texas			87,000	— 11,000	88,350	74,300
North Texas			149,500	— 6,450	149,850	129,650
West Texas			207,100	— 2,900	191,050	260,250
East Central Texas			78,600	— 21,450	86,150	80,300
East Texas			368,650	—126,350	365,050	373,200
Southwest Texas			142,900	— 23,050	139,050	210,000
Coastal Texas			241,800	— 83,050	254,550	275,400
Total Texas	1,068,600	‡1,351,667	1,275,550	—274,250	1,274,050	1,403,100
North Louisiana			87,150	+ 600	85,850	74,000
Coastal Louisiana			215,750	+ 7,600	215,750	251,000
Total Louisiana	311,300	334,300	302,900	+ 8,200	301,600	325,000
Arkansas	75,300	75,300	73,200	+ 450	72,000	73,250
Mississippi	49,200		†84,250	+ 2,250	84,800	30,550
Illinois	320,800		293,650	— 5,200	288,800	345,400
Indiana	18,900		†22,200	+ 900	21,300	21,000
Eastern (not incl. Ill. & Ind.)	106,800		96,050	— 4,950	98,700	86,400
Michigan	63,100		65,500	+ 1,100	64,700	37,850
Wyoming	96,200		93,800	+ 450	93,250	88,300
Montana	23,400		21,800	+ 100	21,700	19,200
Colorado	7,600		6,900	+ 550	6,850	4,100
New Mexico	80,600	80,600	54,550	+ 100	58,550	113,050
Total East of Calif.	2,944,400		2,992,800	—301,200	3,022,900	3,179,900
California	691,900	§691,900	608,700	+ 25,400	617,550	636,800
Total United States	3,636,300		3,601,500	—275,800	3,640,450	3,816,700

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in March, 1942, as follows: Oklahoma, 29,200; Kansas, 5,500; Texas, 105,600; Louisiana, 18,500; Arkansas, 2,700; New Mexico, 5,600; California, 39,000; other states, 20,400.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a.m. June 3.

‡This is the net basic 15-day allowable for the period June 1 to 15, inclusive. A state-wide shutdown was ordered for June 1, 6, 7, 13 and 14.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED JUNE 6, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity		Crude Runs to Stills		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Potential Rate	% Reporting	Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,588	66.6	4.578	43,021	15,032	17,336
Appalachian	174	84.5	158	90.8	423	3,377	444	585
Ind., Ill., Ky.	784	84.9	711	90.7	2,372	18,690	2,961	3,123
Okla., Kansas, Mo.	418	81.1	330	78.9	1,046	8,623	1,133	1,619
Rocky Mountain	138	50.7	82	59.4	295	2,514	321	578
California	787	90.9	582	74.0	1,596	17,080	11,644	56,315
Tot. U. S. B. of M. basis June 6, 1942	4,684	86.9	3,451	73.7	10,310	†93,305	31,535	79,556
Tot. U. S. B. of M. basis May 30, 1942	4,684	86.9	3,522	75.2	10,478	95,355	31,384	79,628
U. S. Bur. of Mines basis June 7, 1941			3,909	----	13,158	91,890	36,206	91,961

*At the request of the Office of the Petroleum Coordinator.

†Finished 85,917 bbls.; unfinished 7,388,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on June 11 that reports received by the bank from commercial paper dealers show a total of $354,200,000 of open market paper outstanding on May 29. This total compares with $373,100,000 outstanding on April 30 and with $295,000,000 on May 31, 1941.

	$		$
1942—		1941—	
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000
Mar. 31	384,300,000	Mar. 31	263,300,000
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000
June 30	299,000,000	June 29	224,100,000

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 12 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 30, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 30 (in round-lot transactions) totaled 510,870 shares, which amount was 15.70% of total transactions on the Exchange of 1,626,430 shares. This compares with member trading during the previous week ended May 23 of 629,362 shares, or 14.80% of total trading of 2,127,050 shares. On the New York Curb Exchange, member trading during the week ended May 30 amounted to 66,230 shares, or 13.95% of the total volume on that Exchange of 237,275 shares; during the preceding week trading for the account of Curb members of 72,235 shares was 13.99% of total trading of 258,175 shares.

The Commission made available the following data for the week ended May 30:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	993	695
1. Reports showing transactions as specialists	165	85
2. Reports showing other transactions initiated on the floor	121	19
3. Reports showing other transactions initiated off the floor	149	46
4. Reports showing no transactions	626	550

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended May 30, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	65,370	
‡Other sales	1,561,060	
Total sales	1,626,430	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	130,220	
Short sales	28,500	
‡Other sales	91,180	
Total sales	119,680	7.68
2. Other transactions initiated on the floor—		
Total purchases	87,090	
Short sales	10,800	
‡Other sales	66,710	
Total sales	77,510	5.06
3. Other transactions initiated off the floor—		
Total purchases	54,330	
Short sales	4,720	
‡Other sales	37,320	
Total sales	42,040	2.96
4. Total—		
Total purchases	271,640	
Short sales	44,020	
‡Other sales	195,210	
Total sales	239,230	15.70

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended May 30, 1942

	Total for Week	aPer Cent
A. Total Round-Lot Sales:		
Short sales	2,815	
‡Other sales	234,460	
Total sales	237,275	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	21,865	
Short sales	2,655	
‡Other sales	24,220	
Total sales	26,875	10.27
2. Other transactions initiated on the floor—		
Total purchases	3,300	
Short sales	0	
‡Other sales	1,980	
Total sales	1,980	1.11
3. Other transactions initiated off the floor—		
Total purchases	6,155	
Short sales	50	
‡Other sales	6,005	
Total sales	6,055	2.57
4. Total—		
Total purchases	31,320	
Short sales	2,705	
‡Other sales	32,205	
Total sales	34,910	13.95
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	18,501	
Total purchases	18,501	
Total sales	9,793	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Revenue Freight Car Loadings During Week Ended June 6, 1942, Totaled 854,689 Cars

Loading of revenue freight for the week ended June 6, totaled 854,689 cars, the Association of American Railroads announced on June 11. The increase above the corresponding week in 1941 was 1,749 cars or 0.2%, and the increase above the same week of 1940 was 151,797 cars or 21.6%.

Loading of revenue freight for the week of June 6 increased 58,933 cars or 7.4% above the preceding week.

Miscellaneous freight loading totaled 385,356 cars, an increase of 21,546 cars above the preceding week, and an increase of 23,044 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 97,587 cars, an increase of 10,587 cars above the preceding week, but a decrease of 62,125 cars below the corresponding week in 1941.

Coal loading amounted to 163,734 cars, an increase of 5,882 cars above the preceding week, and an increase of 12,256 cars above the corresponding week in 1941.

Grain and grain products loading totaled 35,871 cars, an increase of 2,974 cars above the preceding week, and an increase of 309 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of June 6 totaled 23,411 cars, an increase of 2,971 cars above the preceding week, and an increase of 965 cars above the corresponding week in 1941.

Livestock loading amounted to 12,484 cars, an increase of 702 cars above the preceding week, and an increase of 2,220 cars above the correrponding week in 1941. In the Western Districts alone, loading of livestock for the week of June 6 totaled 9,180 cars, an increase of 377 cars above the preceding week, and an increase of 2,125 cars above the corresponding week in 1941.

Forest products loading totaled 53,319 cars, an increase of 7,630 cars above the preceding week, and an increase of 11,151 cars above the corresponding week in 1941.

Ore loading amounted to 92,453 cars, an increase of 9,567 cars above the preceding week, and an increase of 13,931 cars above the corresponding week in 1941.

Coke loading amounted to 13,885 cars, an increase of 45 cars above the preceding week, and an increase of 963 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, and Central Western, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Week of June 6	854,689	852,940	702,892
Total	18,528,925	17,193,615	14,720,474

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 6, 1942. During this period 62 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	427	603	534	1,319	1,399
Bangor & Aroostook	1,356	1,647	1,498	266	220
Boston & Maine	6,124	8,650	7,504	15,655	12,949
Chicago, Indianapolis & Louisville	1,306	1,307	1,369	1,916	2,396
Central Indiana	23	19	19	61	73
Central Vermont	1,044	1,423	1,279	2,008	2,427
Delaware & Hudson	6,129	7,114	5,389	12,308	10,165
Delaware, Lackawanna & Western	7,694	10,180	8,707	9,598	8,507
Detroit & Mackinac	329	359	258	116	166
Detroit, Toledo & Ironton	1,703	2,874	2,020	1,079	1,241
Detroit & Toledo Shore Line	280	395	274	2,581	3,304
Erie	14,932	15,858	12,218	16,146	14,220
Grand Trunk Western	3,405	6,351	4,630	7,211	8,211
Lehigh & Hudson River	204	260	194	3,852	2,432
Lehigh & New England	1,621	2,385	2,026	1,819	1,975
Lehigh Valley	8,891	10,644	8,674	11,551	9,521
Maine Central	2,181	3,308	2,790	3,157	2,799
Monongahela	6,367	5,799	4,787	355	387
Montour	2,504	2,186	2,047	28	42
New York Central Lines	46,673	52,237	41,516	53,084	47,971
N. Y., N. H. & Hartford	10,035	12,270	9,513	20,305	15,704
New York, Ontario & Western	1,051	1,253	1,109	2,930	2,521
New York, Chicago & St. Louis	7,616	6,693	5,487	15,165	12,637
N. Y., Susquehanna & Western	553	529	411	1,232	1,568
Pittsburgh & Lake Erie	7,724	8,116	6,706	9,287	8,862
Pere Marquette	5,369	7,341	5,609	6,092	6,095
Pittsburgh & Shawmut	718	650	811	31	87
Pittsburgh, Shawmut & North	331	359	408	269	328
Pittsburgh & West Virginia	1,098	1,217	862	2,826	2,440
Rutland	310	572	631	925	995
Wabash	5,119	5,863	4,782	12,879	10,622
Wheeling & Lake Erie	5,351	5,994	5,107	4,529	3,840
Total	158,468	184,436	149,169	220,579	106,104
Allegheny District—					
Akron, Canton & Youngstown	635	696	466	980	958
Baltimore & Ohio	43,308	40,353	31,939	28,198	21,512
Bessemer & Lake Erie	7,479	7,280	6,087	1,967	2,427
Buffalo Creek & Gauley	288	267	289	3	4
Cambria & Indiana	1,935	2,023	1,232	6	16
Central R. R. of New Jersey	6,863	8,181	6,544	16,739	15,529
Cornwall	633	672	624	66	61
Cumberland & Pennsylvania	290	334	232	17	55
Ligonier Valley	118	110	44	44	35
Long Island	1,054	737	579	3,428	2,897
Penn-Reading Seashore Lines	1,673	1,640	1,278	2,634	1,737
Pennsylvania System	82,184	86,379	65,422	62,109	58,833
Reading Co.	14,143	18,790	14,682	28,551	21,303
Union (Pittsburgh)	20,963	18,612	17,324	8,321	6,976
Western Maryland	4,112	4,159	3,129	13,536	7,903
Total	185,678	190,233	149,871	166,599	140,246
Pocahontas District—					
Chesapeake & Ohio	29,236	29,039	24,848	13,272	13,130
Norfolk & Western	23,135	23,542	19,226	6,393	6,144
Virginian	4,799	4,515	3,871	2,208	1,797
Total	57,170	57,096	47,945	21,873	21,071

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Southern District—					
Alabama, Tennessee & Northern	395	331	243	379	156
Atl. & W. P.—W. R. R. of Ala.	737	777	710	2,380	2,027
Atlanta, Birmingham & Coast	757	745	591	1,006	1,135
Atlantic Coast Line	12,877	11,573	9,294	8,274	6,099
Central of Georgia	3,609	4,470	3,586	3,905	3,630
Charleston & Western Carolina	474	659	572	1,508	1,842
Clinchfield	1,703	1,735	1,366	2,743	2,809
Columbus & Greenville	295	389	272	191	281
Durham & Southern	136	193	152	1,177	453
Florida East Coast	741	518	504	746	839
Gainesville Midland	40	39	26	180	105
Georgia	1,311	1,255	1,075	2,826	1,885
Georgia & Florida	399	394	285	458	632
Gulf, Mobile & Ohio	4,459	4,029	3,335	4,428	3,312
Illinois Central System	26,269	22,606	18,993	13,918	13,473
Louisville & Nashville	26,574	27,343	22,329	9,858	7,103
Macon, Dublin & Savannah	132	204	130	802	708
Mississippi Central	187	176	125	534	362
Nashville, Chattanooga & St. L.	3,822	3,292	2,833	4,131	3,168
Norfolk Southern	1,564	1,181	1,264	1,958	1,025
Piedmont Northern	329	469	395	1,171	1,478
Richmond, Fred. & Potomac	536	438	347	11,167	6,881
Seaboard Air Line	12,594	11,279	8,672	8,860	5,647
Southern System	23,777	26,530	20,310	22,526	18,826
Tennessee Central	611	575	428	1,084	733
Winston-Salem Southbound	94	142	135	845	838
Total	124,422	121,342	97,972	107,055	85,449
Northwestern District—					
Chicago & North Western	21,421	21,963	19,211	12,786	12,178
Chicago Great Western	2,371	2,723	2,400	2,968	2,846
Chicago, Milw., St. P. & Pac.	18,315	21,236	18,443	9,488	8,561
Chicago, St. Paul, Minn. & Omaha	3,353	4,124	3,455	3,197	3,638
Duluth, Missabe & Iron Range	28,715	22,622	19,015	364	[illegible]
Duluth, South Shore & Atlantic	1,340	1,081	918	576	564
Elgin, Joliet & Eastern	9,983	10,492	8,142	10,027	9,017
Ft. Dodge, Des Moines & South	517	591	519	125	[illegible]
Great Northern	27,276	22,610	19,970	5,255	3,612
Green Bay & Western	566	572	500	616	671
Lake Superior & Ishpeming	3,147	2,896	2,905	49	93
Minneapolis & St. Louis	1,753	1,919	1,708	2,629	2,196
Minn., St. Paul & S. S. M.	7,911	7,499	5,937	3,400	2,885
Northern Pacific	11,961	8,928	9,528	5,265	4,431
Spokane International	181	339	225	584	310
Spokane, Portland & Seattle	2,806	2,776	1,601	2,827	2,085
Total	141,616	132,371	114,477	60,156	53,551
Central Western District—					
Atch., Top. & Santa Fe System	22,359	23,005	19,419	10,231	7,084
Alton	3,134	3,459	2,785	4,509	2,692
Bingham & Garfield	636	608	521	106	[illegible]
Chicago, Burlington & Quincy	16,614	16,005	13,608	11,687	8,636
Chicago & Illinois Midland	2,446	2,590	1,698	880	752
Chicago, Rock Island & Pacific	11,795	12,781	11,421	9,620	[illegible]
Chicago & Eastern Illinois	1,991	2,671	2,254	3,399	3,141
Colorado & Southern	724	644	632	1,723	1,650
Denver & Rio Grande Western	2,806	2,106	2,068	4,730	3,140
Denver & Salt Lake	608	235	250	8	25
Fort Worth & Denver City	1,127	1,221	1,009	1,020	1,102
Illinois Terminal	1,831	1,959	1,608	2,401	[illegible]
Missouri-Illinois	1,559	1,059	863	491	[illegible]
Nevada Northern	1,981	2,009	1,787	110	[illegible]
North Western Pacific	1,080	942	700	491	482
Peoria & Pekin Union	1	10	36	0	[illegible]
Southern Pacific (Pacific)	29,619	28,655	24,496	8,676	6,376
Toledo, Peoria & Western	236	436	374	1,551	1,410
Union Pacific System	12,483	13,421	11,713	11,748	8,908
Utah	560	265	164	5	[illegible]
Western Pacific	2,036	1,677	1,527	3,494	2,443
Total	115,626	115,758	98,933	76,880	60,090
Southwestern District—					
Burlington-Rock Island	211	174	155	154	196
Gulf Coast Lines	5,547	3,122	2,625	3,141	1,669
International-Great Northern	3,143	2,020	1,691	2,773	2,147
Kansas, Oklahoma & Gulf	326	248	219	1,302	813
Kansas City Southern	5,445	2,333	1,818	2,688	2,175
Louisiana & Arkansas	3,978	1,954	2,130	2,366	1,849
Litchfield & Madison	388	307	258	1,059	1,041
Midland Valley	630	450	414	240	243
Missouri & Arkansas	125	170	170	365	335
Missouri-Kansas-Texas Lines	6,082	4,294	3,808	4,637	3,087
Missouri Pacific	18,439	14,571	12,208	19,276	10,301
Quanah Acme & Pacific	80	131	85	209	183
St. Louis-San Francisco	8,330	7,718	6,495	6,514	5,510
St. Louis Southwestern	3,140	2,614	2,369	6,092	2,866
Texas & New Orleans	10,812	7,435	5,901	4,337	3,974
Texas & Pacific	4,887	3,980	3,966	6,977	4,062
Wichita Falls & Southern	111	168	193	51	82
Weatherford M. W. & N. W.	35	15	20	21	41
Total	71,709	51,704	44,525	62,202	40,574

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the order and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1942—Week Ended—					
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 12 a summary for the week ended June 6, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended June 6, 1942	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	10,688
Number of Shares	289,359
Dollar Value	10,530,105
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	147
*Customers' other sales	10,540
Customers' total sales	10,687
Number of Shares:	
Customers' short sales	4,345
*Customers' other sales	260,813
Customers' total sales	265,158
Dollar Value	7,938,052
Round-lot Sales by Dealers— Number of Shares:	
Short sales	420
†Other sales	68,460
Total sales	68,880
Round-lot Purchases by Dealers—	
Number of Shares	90,710

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended June 6, 1942

Lumber production during the week ended June 6, 1942, was 4% greater than the previous week, shipments were 3% less, new business, 19% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new order 4% above production. Compared with the corresponding week of 1941, production was 4% greater, shipments, 5% greater, and new business 2% less. The industry stood at 139% of the average of production in the corresponding week of 1935-39 and 150% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 22 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 10% above the orders of the 1941 period. For the 22 weeks of 1942, new business was 27% above production, and shipments were 16% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 64% on June 6, 1942, compared with 42% a year ago. Unfilled orders were 25% greater than a year ago; gross stocks were 18% less.

Softwoods and Hardwoods

Record for the current week ended June 6, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	459	459	472
Production	263,259	252,483	254,045
Shipments	273,558	261,626	281,533
Orders	273,830	279,802	336,029

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	375		98	
Production	251,512	100%	11,747	100%
Shipments	260,128	103	13,430	114
Orders	261,884	104	11,946	102

Items About Banks, Trust Companies

Member banks of Group V, the Savings Banks of Brooklyn, Queens, Long Island and Staten Island report increasing interest and cooperation on the part of many local business enterprises and institutions in setting up the Payroll Savings Plan for the purchase of War Bonds.

Active participation in financing six major American wars has marked the history of the National City Bank of New York which on June 16 celebrated its 130th birthday. The bank's aid to the Government in providing funds for war expenses began with the War of 1812, to which it contributed for itself and customers $1,000,000.

The National City's announcement further stated:

The bank had its beginning with the incorporation of the City Bank of New York June 16, 1812, two days before the start of the War of 1812 and one week before Napoleon invaded Russia. Col. Samuel Osgood, a commander of the Minute Men at Lexington, and first Postmaster General of the United States, was its first President.

After the battle of Bull Run, the President of the City Bank was Chairman of a committee of New York bankers which advanced to the Treasury $50,000,000 at once and $100,000,000 more in two installments to help finance the Civil War. When the national banking system was organized to support the war effort the City Bank joined the new system and became the National City Bank of New York.

Since Pearl Harbor in the present emergency the bank has subscribed for itself and customers more than $1,000,000,000 of Government securities. More than 600 of its staff are now in the armed services.

National City was the first United States national bank to establish a branch overseas—in Buenos Aires in 1914—and today it has 35 branches in Latin America. Its first domestic branch was opened at 42d Street and Madison Avenue in 1921 and today it has 66 scattered over the five boroughs.

It was first opened at 52 Wall Street and has been located in the immediate vicinity ever since with the exception of a short period when the 1822 epidemic of yellow fever caused a general exodus of Wall Street business houses to Greenwich Village.

Basic structure for the present head office at 55 Wall Street was completed 100 years ago this year. It is the site of the old Merchant's Exchange which was destroyed in the great fire of 1835. The new building was opened in 1842 and in 1908 was remodelled to become the home of the National City.

National City started business in 1812 with a paid-in capital of $800,000, which figure stayed that way until 1853, when it was increased to $1,000,000. As late as 1892, 80 years after its organization, capital stood at $1,000,000, surplus and undivided profits at $2,500,000 and deposits at but $24,000,000. Commencing with the early years of the present 20th century, the growth became more marked. Capital was increased in 1900 from $1,000,000 to $10,000,000. and two years later from $10,000,000 to $25,000,000. at which figure it stood until 1920 when, with deposits of approximately $700,000,000. its capital was again increased to $40,000,000 and its capital structure, including both surplus and undivided profits, for the first time exceeded $100,000,000, with total resources in excess of $1,000,000,000.

On Mar. 31, 1942, total resources of the National City Bank amounted to $3,170,000,000, including $77,500,000 capital, $96,000,000 surplus and undivided profits and $2,964,000 deposits.

Another unit of the National City organization, the City Bank Farmers Trust Company, the trust affiliate, celebrated its 120th anniversary on Feb. 28, 1942.

At a meeting of the board of trustees of the New York Trust Co. on June 9, John E. Bierwirth, President, announced the appointment of Harold M. Mills as Assistant Secretary. Mr. Mills was formerly manager of the Real Estate and Mortgage Department. Mr Bierwirth also announced the renewal of the bonus to nonofficer employes receiving salaries of $6,000 or less. The bonus, covering the second quarter, is payable July 3.

Edward W. Smith, Executive Vice-President of the Clinton Trust Company, of New York, announced on June 9 that Howard E. Patten has been made Assistant Vice-President of the Company. Mr. Patten is located at the 42nd Street branch, McGraw Hill Building. Mr. Patten was formerly Assistant Vice-President of the Colonial Trust Company. He is an active member of the New York Kiwanis Club and the New York Credit Men's Association.

The National Safety Bank and Trust Company announced on June 10 the following list of new officers and promotions:

Eugene J. McPartland, from Assistant Vice-President to Vice-President and Cashier.

R. Harold Bach, from Assistant Vice-President to Vice-President.

Leo Schneider, from Assistant Vice-President to Vice-President.

Louis Hellerman, from Assistant Cashier to Assistant Vice-President.

Albert Holzer, from Assistant Cashier to Assistant Vice-President.

Herman Menn, from Assistant Cashier to Assistant Vice-President.

William J. Terry, from Assistant Cashier to Assistant Vice-President.

The following are new appointments:

John A. Serocke and William Goldfine, Assistant Vice-Presidents; Harry Bernstein, Jack Fielman, H. Howard Hoch, David Schnapp, Joseph DiNapoli, Theodore Frank, Joshua Shopenn, Sanders E. Wessler and Charles Mosca, Assistant Cashiers.

William G. Green, President of the New York Savings Bank, at Eighth Avenue and 14th Street, New York, announced on June 16 that Albert F. Kendall, Assistant to Deputy Superintendent of Banking for New York State, has been appointed Auditor of the bank, to assume his duties on July 1. Mr. Kendall became a bank examiner in 1931 and has since served in various capacities, including that of Special Deputy Superintendent in the Rochester district. Prior to joining the staff of the New York State Banking Department he had been with Irving Trust Company for nine years.

The Peoples National Bank of Brooklyn announces the election of John A. Schwarz, President of John A. Schwarz, Inc., to the Board of Directors to fill the vacancy created by the death of George W. Spence. The bank also announced the promotion of William H. Schmidt from Assistant Cashier to Cashier.

The East New York Savings Bank, Brooklyn, N. Y., announced on June 12 the election of John P. McGrath to its Board of Trustees. He is a member of the law firm of Richards, Smyth & McGrath, is Secretary of the Brooklyn Bar Association and chairman of its committee on banking and insurance.

The Hartford National Bank and Trust Co., Hartford, Conn., one of the first banking institutions in the United States, on June 14 marked the 150th anniversary of its founding. During its long period of service, capital has grown from the original figure of $100,000 to a present total of $3,000,000 of capital and surplus. The institution's resources now amount to more than $128,800,000. In addition, its trust department accounts have assets of more than $168,000,000. In the announcement regarding the anniversary it is stated:

At the time the institution was established as the Hartford Bank, there were only four other State banks in the country: The Bank of North America, of Philadelphia; the Bank of New York; the Bank of Massachusetts, in Boston, and the Providence Bank. Leader of the movement which resulted in establishing the Hartford Bank was Col. Jeremiah Wadsworth, a native of Hartford, and a close friend and associate of Alexander Hamilton. Other founders included Major John Caldwell, who became the first President of the Bank; Major Barnabas Deane, John Morgan, John Trumbull, Chauncy Goodrich, Noah Webster, Gen. George Philips, Gen. Timothy Burr, James Watson, Caleb Bull and Ephraim Root.

Notwithstanding its excellent record throughout the previous 135 years, the bank's greatest growth has occurred since the merger with the United States Security Trust Co. in 1927, which resulted in the change to the present name of Hartford National Bank and Trust Co. Much of the progress during these 15 years was the result of the executive abilities of John O. Enders, who served actively in the direction of the bank's affairs as Chairman of the Board until 1935, when he resigned from this position to become Chairman of the Executive Committee. At this time, full responsibility as executive head of the institution was assumed by Robert B. Newell, who has been President since 1927.

In addition to Mr. Newell, present senior executive officers of the bank include: Ostrom Enders, 1st Vice-Pres.; George F. Kane, A. G. Brainerd, Herbert Hubbard, R. J. Utley and Louis P. Merriman, VicePresidents; G. W. Guillard, Cashier; M. T. Hazen, Vice-President in charge of the trust department; A. G. Stronach and W. B. Dana, Vice-President and Trust Officers, and M. H. Glover, Vice-President in the trust department.

Edward E. Brown, President of the First National Bank of Chicago, after the regular meeting of the Board of Directors on June 12, announced the appointment of William C. H. Dobbeck, Walter A. Grau and Arthur B. Northrop as Assistant Cashiers. All were promotions from the staff as each of the men had been employed by the bank for many years.

No Monthly Oil Report

The public distribution of the monthly crude petroleum report by refineries has been suspended because of the war, it was announced by the United States Department of the Interior on June 12.

Industrial Loans By Federal Reserve Banks

In order to facilitate the participation of Federal Reserve Banks in the program of war financing contemplated by the President's executive order of March 26, the Board of Governors of the Federal Reserve System has revised its Regulation S relating to loans by Federal Reserve Banks to industry and business under the provisions of Section 13-B of the Federal Reserve Act. The changes which have been made in the regulation, it is explained, are merely of a clarifying or technical character.

The Board further states:

As heretofore, the regulation leaves the powers granted by Congress to the Federal Reserve Banks unimpaired and prescribes no restrictions beyond those required by the law itself. Any attempt to prescribe technical definitions of such terms as "working capital," "established industrial or commercial business" and "financing institutions" has been avoided, lest it have the effect of restricting or hampering the operations of the Federal Reserve Banks under the statute. The regulation, therefore, contains little except an analysis of the law and an outline of the necessary procedure.

The law permits Federal Reserve Banks to make direct loans to established industrial and commercial businesses only when authorized by the Board of Governors of the Federal Reserve System; but, in order to avoid the necessity of having applications for such accommodations passed on in Washington, the Board has continued in the revised regulation the blanket authority to all Federal Reserve Banks to grant such accommodations directly on their own responsibility without reference to Washington.

The President's executive order of March 26 (given in our April 2 issue, page 1360) authorized the War and Navy Departments and the Maritime Commission to guarantee or make loans to war contractors. As a result of this order the Reserve Board adopted Regulation V prescribing the rules to govern the operations of the Reserve Banks in acting as fiscal agents of the armed services and the Maritime Commission; the Board's explanatory statement to this effect appeared in these columns of April 16, page 1542.

REA Systems Prepay On Loans In April

The U. S. Department of Agriculture said on June 6 that during April, 35 rural electric distribution systems in 14 States made advance payments totaling $135,112 on construction loans obtained from the Government through the Rural Electrification Administration. The advices from the Department add:

The April remittances brought the total of advance payments made by rural electric cooperatives to $4,336,235.58. Out of the 785 energized REA systems now serving 929,673 connected consumers, only 59 are behind in their payments, Administrator Harry Slattery pointed out, while 317 have taken up notes before they were due. Payments as much as 30 days past due total $159,277 or about 1% of the total of $15,710,000 of accounts due to date. Advance payments equal 27% of the repayment schedule.

REA construction has been halted for the duration by the material shortage except where the agency has been called upon to serve war establishments. Cooperative systems with the aid of REA are helping members do their part in the Food-for-Freedom program.

Urges U. S. Tax Spree To Avoid Inflation

A proposal that America go on a "tax spree" as a means of avoiding the headache of inflation in the post-war decade was made on June 11 by John P. Myers, President, New York State Bankers Association, in an address before the annual dinner of the New York State League of Savings and Loan Associations, at Saranac Inn, N. Y. Mr. Myers, who also is President of the Plattsburg National Bank and Trust Co., Plattsburg, spoke on "Our Responsibility in Financing Victory."

Stating that "the more taxes we raise the less borrowing is necessary," Mr. Myers went on to say that "the less borrowing neccessary the less credit inflation, which rapidly becomes commodity inflation in these days of goods shortages. As a rule when we go on a spree, the bigger the spree the worse the headache next day. But a tax spree is just the reverse. The bigger the tax spree now, the less the headache tomorrow." "And the avoidance of this headache, of inflation, of the day of reckoning in the postwar decade," he said, "is so desirable, so necessary, that we should be charitable toward the high taxation program however unpleasant it may be, just so long as it does not destroy our productive process now or deplete too far the surpluses which will be needed in the postwar years."

Mr. Myers said that although the people of America haven't learned yet what total war is, "total war is here, war fought by the total manpower, the total productive capacity and the total resources of practically every nation in the world." He added:

Because total war has come, "you and I and our associates in the banking world are the custodians, the trustees of the nation's accumulated liquid resources, we are in a war industry. Ours is the responsibility to marshal the funds in our banks to be of the greatest use to our war effort. For make no mistake about it, unless we win the victory nothing else matters."

He urged that all funds possible be diverted to investment in Government securities, stating that the inflationary effect of credit expansion becomes less serious in exactly the degree by which the surplus funds of individuals are devoted either to the payment of outstanding debts or to the purchase of bonds for their own account. In addition to being large buyers of Government bonds, banks and other financial institutions should become sellers, too—sellers of War Savings Bonds. "We must do all we can to promote the sale of War Savings Bonds to our depositors out of their incomes," he said.

Insolvent Nat'l Banks Completing Liquidation

During the month of May, 1942, the liquidation of 10 insolvent national banks was completed and the affairs of such receiverships finally closed, the Treasury Department reported on June 5; it further said:

Total disbursements, including offsets allowed, to depositors and other creditors of these 10 receiverships, amounted to $34,072,761, while dividends paid to unsecured creditors amounted to an average of 79.22% of their claims. Total costs of liquidation of these receivership average 7.46% of total collections from all sources including offsets allowed.

Dividend distributions to all creditors of all active receiverships during the month of May, amounted to $1,768,391.